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SOCIAL STUDIES SERIES.

(VOLUME FOUR)

SOCIALISM AND CO-OPERATION

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SOCIALISM AND CO-OPERATION

By

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Socialism and Co-operation.

CHAPTER I.

THE FOUNDATIONS OF SOCIALISM.

THE object of this book is to examine the relations between co-operation and socialism, to determine, if possible, the part which the co-operative system might play in a socialistic society. By co-operation I mean the consumer's type of co-operation which has developed in the distributive and wholesale societies of the existing co-operative movement. In these pages I shall assume generally that the reader knows how that movement is constituted and organized and that he understands the principle underlying the co-operative system of industry. I have already in another book, *Co-operation and the Future of Industry*, given a general description of the movement and of its characteristics as an industrial system, and I must refer to that book any reader who desires detailed information on or discussion of those points. While, however, I do not propose to give a detailed description either of co-operation or of socialism, it is impossible to arrive at a clear understanding of the relations between them, unless we have first stated clearly what we mean by co-operation and what we mean by socialism. In this chapter I shall attempt to clear the ground by defining socialism and co-operation.

It is far easier to define co-operation than socialism. The former is merely a particular method or system of conducting industry which we can already see working within certain limits in the retail and wholesale societies. Socialism is an ideal or theory applicable to the whole of society. The socialist wants the whole of society, not merely the industrial section of it, to be organized in a particular manner; he wants a socialistic society. Socialism is therefore a much wider and larger thing than co-operation, and the wider a conception is the more difficult it is to keep it clear-cut and defined in our minds. The difficulty is increased in the case of socialism by its history. For a hundred years, if not longer, it has remained an ideal or aspiration of thinkers, writers, and workers who are in revolt against the existing organization of society. Until three years ago every socialist would have agreed that society had never and nowhere actually been organized on socialist principles. An ideal, aspiration, or theory concerning so complex a thing as the whole organization of society is necessarily unstable. The original theory or ideal may have been as precise and as lucid as the ten commandments which the Almighty cut in stone and gave to Moses, but, as it is handed down from generation to generation and is never made concrete by actual application or experiment, it becomes covered by the accretions of the theories of new writers and the ideals, hopes, or despairs of new generations.

This is what has happened to socialism, and to-day it is extremely difficult to say what socialism is or who is and who is not a socialist. Robert Owen is a socialist, and so are Karl Marx, and Mr. Ramsay MacDonald, and Lenin, and Mr. Cole, and M. Longuet, and Mr.

Smillie, and Trotsky, and Mr. Sidney Webb. I have called each of these gentlemen a socialist, because each would call himself a socialist. I believe in freedom of thought, and it seems to me absurd to forbid anyone to think and call himself a socialist if he wishes to do so. It is, however, notorious that Lenin and Trotsky would deny that many of the others mentioned were socialists, while some of the others would deny that Lenin and Trotsky's system of society had any right to call itself socialism.

It is essential that a writer on socialism should face this difficulty and make his position clear at the outset. I am aware that, although I call myself and think myself a socialist, many other socialists will deny that what I call socialism is really socialism. I cannot return the compliment. I believe that most people who honestly consider themselves to be socialists are such. Lenin and Mr. Sidney Webb are both socialists, because they both wish the foundations of social organization to be of a certain kind. They may differ fundamentally on other, and possibly equally important, questions, on, e.g., the means by which the social revolution may be attained, but they do agree on this vital point : they wish to substitute a socialistic for a capitalistic society.

It may be thought that in the last sentence I have only carried the disagreement between these so-called socialists a step further back. For what after all is a "socialistic society"? Will not Lenin on this point disagree as fundamentally with Mr. Webb as he does with Lord Northcliffe? But as soon as the question is put in that way, it becomes apparent that there is a fundamental basis of agreement among all these so-called socialists. At the bottom of Lenin's heart

or brain is a drop of Fabianism, and all Mr. Webb's cleverness cannot conceal his Bolshevism. On the other hand, however deep you might delve in the mind of Lord Northcliffe, you would never find this little drop of Fabianism and Bolshevism, this kernel of agreement between Lenin and Mr. Sidney Webb. It is this kernel of agreement which I call socialism and which I now propose to define.

Society as we know it in the civilized States of Western Europe is organized capitalistically. Capitalistic society is based upon the division of the population into well defined classes. There is a land-owning class, a capital-owning class, a professional class with or without capital, and a property-less wage-earning class. The existence and continuance of these classes, and the whole organization of capitalist society, depend ultimately upon the law of private property. The land-owning and capitalist classes, which are a small minority of the community, own and control practically all the land and capital in the country, and the law and therefore the whole power of the State is used to maintain their monopoly. This is, of course, the barest possible sketch of the organization of a capitalist society, and it is essential that both socialists and those who are considering the nature of socialism should understand the real nature of the organization and the causes which produce it. The reason is this. Most people are inclined to divide the world into sheep and goats, the sheep being the good who agree, and the goats the bad who disagree with them. This fatal inclination vitiates nine-tenths of political, economic, and social theory and investigation. The author of this book is a socialist and co-operator, and he knows well

that ordinarily he finds it extremely hard not to believe that the socialist and co-operator are good and the capitalist bad. But when he faces the confessional of the virgin sheet of paper upon which he must begin to write the first chapter of his book, he knows that this belief is false. Capitalism is bad and socialism is good, but capitalists are not bad, nor socialists good. The truth is that there is very little average difference in the goodness and badness of the various sects of men; the fundamental difference in men from the political and social point of view will be found in their beliefs and in their desires. Capitalists believe certain things about society which are false and desire certain things in society which are bad; socialists believe certain things about society which are true and desire certain things in society which are good. That is the real difference between them, and it is doubtful whether it makes the average socialist a better man than the average capitalist.

I believe the point which I am trying to make in the previous paragraph to be of the first importance for the political or social writer and student, but I am aware that as stated here it is not entirely clear and probably not completely correct. Perhaps I may make my meaning clearer by an actual example. When I read the *Times* and *Morning Post*, and when I speak to upholders of the capitalist system, I find that they are genuinely convinced that Lenin and Trotsky are not only men who have wrong beliefs on politics and social organization, but also are desperately wicked men. Again, when I read the *Daily Herald*, or speak to socialists, or look into my own mind, I find that we not only believe that Mr. Churchill and Lord Northcliffe are men who hold false

beliefs with regard to politics and social organization, but also that they are abominably bad men. At the same time, to put it mildly, the capitalist and his press regard Mr. Churchill and we and our press regard Lenin as good men beyond the average. Now wherever this kind of situation arises, where there is a dogmatic co-ordination between one's beliefs and moral judgments, it should, I think, be regarded with the gravest suspicion. At one time it was accepted universally with regard to religious beliefs, but the world has moved forward sufficiently for most people now to see clearly that a man who believes in Muhammadanism is not necessarily better than a man who believes in Christianity or *vice versa*, and that a Roman Catholic is not necessarily a better man than an Anglican or *vice versa*.

I am not going to apologize for spending so much time over this point at the beginning of a short book upon social organization, for it goes to the root of the attitude which we are to adopt towards the study of contemporary society. What vitiates the work of so many writers on politics, economics, and sociology is that they are not so much concerned with investigating the effects of various forms of social organization, the effects of men's communal beliefs and desires upon society and man in society, as with investigating the moral badness of the system which they dislike and of the supporters of that system with whom they disagree. The truth of the matter appears to me to be something like this. It is true that a belief in capitalism implies one series of social beliefs and desires, and a belief in socialism implies another and a different series. The capitalist believes that one kind of social organization is the right one and he

desires certain things in society produced by that kind of organization; the socialist believes that a completely different organization is the right one and he desires different things to be produced by this organization. Both the capitalist and the socialist believe that the ultimate things which they desire in society are good and that particular forms of social organization will produce these things. Now it is certainly of the utmost importance to discover whether the things desired by the socialists or those desired by the capitalists are good, and it is true that, if what the socialist desires as good is really good and what the capitalist desires as good is really bad, or *vice versa*, then the socialist is a better man than the capitalist, or *vice versa*. It is also extremely important to discover whether the forms of organization, etc., which each believes are means to the good things which they desire, do or do not produce those things.

It follows that the less a writer or student concerns himself with moral judgments on sects and classes of persons, and particularly on the classes of those who politically agree or disagree with him, the more likely he is to keep his eyes clear and his head steady on the treacherous and slippery paths of social science. Our main business is not with capitalists or socialists and their goodness and badness, but with the beliefs and desires of capitalism and socialism. We have to find out what those things are which capitalists and socialists desire, and whether the things desired by them are good or bad in themselves. We also have to find out whether the beliefs of capitalists and socialists that certain forms of social organization will produce these social goods and bads are true or false. It is not only for these reasons that it is essential to

determine at the outset what are the ultimate social aims and beliefs of capitalists and socialists, but also because it is the acceptance or rejection of them by the majority of living men and women which produces the form of society in which those men and women live.

Let us first, before we pass on to the ideal of socialists, examine a little more closely the actuality of capitalism. Capitalism, though the product and ideal of practical business men, is based upon a curious paradox. The capitalist undoubtedly believes that his ultimate social aim or desire is the highest good of the whole community. "What I desire," he would say, "from social organization is that it should work in the interests not of individuals and classes, but of the whole community." And remembering what we said with regard to the goodness and badness of those sects of men with whom we disagree, let us admit that this ultimate desire exists and is really operative in the capitalist and his society. In fact, if this were not the case, the centrifugal forces in capitalist society would long since have utterly destroyed it. The capitalist only exists and has been able to maintain his precarious but disastrous existence in the world by being, at the bottom of his heart, a socialist, and by accepting at the back of his mind the beliefs of socialism. But the paradox of capitalism consists in this : that, while recognizing that the interests of the whole community, not of classes or individuals, should be the ultimate end of social organization, the capitalist goes on to announce the amazing dogma that the interests of the whole community rather than of individuals and classes can only be secured by organizing society in the interests of individuals and

classes. The capitalist arrives at his present position in which he accepts this paradox, as automatically and undoubtingly as our forefathers accepted the statement that the earth is flat, through a series of beliefs which, in my opinion and those of other socialists, are false. He believes, for instance, that the good of the whole community can only be secured by encouraging individuals and classes to devote their lives to a ruthless pursuit of their own interests. He believes that society should be so organized as to give free play to the competition of class against class, and individual against individual, for a share in the material, intellectual, æsthetic, and even moral products of society. He believes—and this is his one correct belief—that this system of competition can only be maintained on the legal institution of private property in land and other material commodities, a system under which the whole power of the community is used to protect the individual in his possession of such material things as he has contrived to snatch according to the rules of the game from the community of his fellow-men. He believes that the good of the whole community can only be secured if the income of the community is distributed so that the maximum amount is given to a tiny minority and the minimum to the vast majority of the community. He believes that the good of the whole community can only be secured if those who are born into the tiny class possessing wealth are educated so that they can enjoy the blessings of wealth and leisure, while those who are born into the large class not possessed of property are educated so that they can enjoy the blessings of poverty and manual labour. He believes generally that the good of the whole community can only be

secured if the control not only of industry but of government is assured to the small class of property owners and the parasites of property owners, and that the right and democratic method of assuring this is so to organize society that all the key positions of control in the government of the country, the throne, the cabinet, the ministers, the higher Civil Service, the Benches of Judges and Magistrates, the Army and Navy, and the Church, are occupied by property owners or their parasites. Finally, the capitalist usually believes that the good of the whole community demands that the Press should be controlled by capitalists and in the interests of capitalists, and that a newspaper controlled by Labour and in the interests of the majority of the community, is, if its circulation exceeds 100, a menace to the safety of society.

These are the beliefs which are held implicitly in a capitalist society by nearly all who accept or are in sympathy with its methods and organization. They are indeed held so implicitly and unconsciously that most capitalists would angrily deny that they hold them, for nothing is so irritating as to have our unconscious beliefs rudely dragged to the surface of our minds. The most serious charge against capitalism is, perhaps, not that it is based upon these false unconscious beliefs, but rather that they produce states of mind in individuals and classes which contaminate and rot the whole fabric of society. It is at this point that, in my opinion, is to be found the fundamental difference between capitalism and socialism, and it is therefore important to make this charge against capitalism perfectly clear; otherwise much that I shall have to say about a socialist society in the latter part of this book will not be fully under-

stood. Capitalism is founded, we saw, upon the paradox that the ultimate end of social organization is the good of the whole community, but that the good of the whole community can only be attained by organizing society in classes so that each individual and each class pursues, not the good of the community, but his own or its own interest. The result is that the whole of society becomes immediately permeated by the principle of competition and self-interest. The community of fellow-citizens is transformed into a mass of struggling units in which the possessors are compelled to fight blindly to retain what they possess, while the only aim of those who do not possess is to oust the possessors. Everywhere the desires for the selfish interests of individuals and classes, rather than of the community, sets and keeps in motion the machinery and the life of society. In the economic sphere every individual is taught from his earliest years that the main business of his life is to "make a living" for himself, to try to get as much of the economic product of society as he can for himself, and to prevent as much as he can from going into the pockets of his neighbours. The capitalist, in the pursuit of his own profits, will defraud the State, ruin his fellow-capitalist, and join with his fellow-capitalist to exploit the worker and consumer, while the worker, in his struggle for wages, again and again finds that in order to protect his own interests he has to sacrifice those of his fellow-workers or of the whole community. But this extraordinary system of organizing society in the interests of the whole community cannot be confined merely to the economic sphere. It flows over into and contaminates every other sphere of life, govern-

ment, art, sport, religion, leisure, even love and marriage. In the politics and government of civilized countries no pretence any longer is made that the good of the whole community is a serious consideration for parties and politicians. The political stage is set for a struggle between two or more great political machines, or parties, each pursuing its own interests. Its interests consist in power and office, and it obtains these by several different means, by deceiving the ignorant elector, by corruption open or secret, by selling honours, by doles or bribes to organized labour, and by breaking any politician who may show signs of independence. Individuals, therefore, in a capitalist society enter politics merely in order to get something out of them, while government and political power have become little more than instruments in the struggle between individuals and classes.

Politics and government are necessarily so closely connected with the economic life and organization of a community that the inter-effect of one upon the other is inevitable. But so powerful and penetrating are the beliefs and desires of capitalism, the effects of inculcating self-interest and profit-making into the individual as the proper motive of his actions during six-sevenths of his waking life, that they infect those corners of the community which theoretically should be absolutely free from them. Two illuminating examples may be given. We are expected to believe that if anywhere in society something is pursued for its own sake and not for material profits, it is in art, literature, philosophy, and science. Art for art's sake and truth for truth's sake are still represented as the objects of the artist, the writer, or the scientist. But during the 100 or 150 years of industrialized capit-

alism, art, literature, and science have been so thoroughly commercialized and industrialized that their peculiar ideals have been either destroyed or perverted. No age in European history can compare with our own in the enormous quantity and the worthless quality of pictures painted and books written. One reason is that the artist, writer, or scientist is part of the capitalist machine, and, if he does not conform to the rhythm of its revolutions, he will be broken. The production and distribution of pictures and books, for instance, tends more and more to become a particular province of large-scale capitalist enterprise, and people read books and consider them masterpieces, just as they take patent pills and consider that they cure backache, because the advertisement tells them to. No one without a knowledge of the trade would imagine how difficult it would be to-day to get a book even produced which did not conform to the standards of commercialized and industrialized literature, and, even if it were printed, a far smaller number of persons (out of a population of millions) would probably read it than in other non-capitalist ages, such as ancient Greece, though the population was numbered only in thousands, consumed and appreciated a similar work of art. Most writers and artists are therefore faced with the alternative of either writing or painting for the capitalist machine, i.e., to make a profit, or of starving. That is certainly not true of ancient Greece, the Elizabethan age, the eighteenth century, or even the first part of the nineteenth century, and the effect can, in my opinion, be traced not only in the different attitude of the artist and writer in those ages towards their work, but also in the quality of their productions.

But the mechanical effect of capitalist organization is not the most important influence of capitalism upon art and literature. The author of this book must here be allowed to speak from personal experience, and his personal experience would compel him to confess that it is quite impossible for a writer to escape being permeated by capitalist ideals. So subtly pervading is the mental environment, the beliefs and desires, of the society in which one lives, that, however strongly one may intellectually disapprove of them, they again and again, unobserved, mould one's own beliefs and desires and determine one's own actions. Quite apart from the mechanical exigencies of publishers, printers, and booksellers, no writer can say that his literary or professional conscience is untouched by the profit-making complex of capitalist society. This book is, for instance, written in, I believe, the honest conviction that capitalism is bad just because it creates and fosters this profit-making complex, this universal itch to be making something out of everything; yet the book would probably never have been written, and even this page would probably have been written differently, had not the author nursed a, certainly hopeless, hope that he would make something out of it.

What I have said with regard to the author and artist applies with even greater force to the scientist, and the civilized capitalist ought somehow to explain the undoubted fact that all the great scientific discoveries of the last hundred years have contributed more to the sum of human misery than to the sum of human happiness. But the most startling evidence of the effect of capitalist organization and ideals is to be found in the sphere of labour and socialism.

Probably nine out of ten socialists are genuine believers in socialism; they see the evils of the capitalist system and honestly desire to abolish them and it. Yet anyone with experience of the labour and socialist movements, both national and international, will admit that their greatest weakness lies in the fact that they are unconsciously permeated by the beliefs and desires of capitalism. If, for instance, the principle of social service really ousted the ideals of profit-making and competition among individuals and classes professing socialism, labour would only have to blow with its trumpets and the walls of capitalism would fall down as flat as those of Jericho. That this does not happen is due to the fact not only that the individuals who compose labour and socialist movements are forced to struggle for existence in a world of capitalism, but that from their earliest years their minds are necessarily and unconsciously saturated with the individualist, competitive, and profit-making capitalist conceptions and ideals. The socialist, like the writer, is perverted and corrupted by his environment. It is not his fault, but it is none the less a fact in existing society which the socialist who desires radical change must face, and which the social philosopher must recognize and estimate as one of the products of capitalism. Over and over again in the trade union or syndicalist movements, economic action against capitalism breaks down owing to what is called a "lack of solidarity." Translate this euphemism into plain English and you find that, just as the writer is pursuing his own interest and profit instead of "art" or "truth," so the worker is pursuing not a social end, but the immediate interest or profit of himself or his group against other

individuals or groups within his own class. In strikes, and indeed the whole relation of capital and labour, the exploitation of this capitalism of labour is the strongest weapon of the capitalist. In the co-operative movement, a great system of industry built up by the workers on principles and ideals utterly antagonistic to those of capitalism, there is always the same tendency operating strongly, playing upon the profit-making instincts of its members, perverting, weakening, and hampering the development of co-operative industry. But it is, perhaps, in the parliamentary labour and socialist movements and in the international labour and socialist movements that the effect of a capitalist environment has been most strong and most disastrous. Up to the war the failure of the parliamentary movement in all countries was obvious; it was due partly to the fact that capitalist principles and ideals had a stronger appeal to and a firmer hold upon the rank and file of workers than those of labour and socialism; but everyone who has studied the history of this movement in France, Germany, and Britain during the last generation will agree that no small part of its weakness has come from the ease with which the capitalist machine of government has been able to exploit the anti-socialistic instincts within the parliamentary socialist parties. As for the international movement, the war showed clearly to what an extent it had been permeated with the beliefs and desires of its capitalist environment.

I repeat that in this analysis I am concerned neither with praise nor with blame. Socialists, and I among them, start with the postulate that the modern world is sick of a mortal social disease. Our diagnosis or analysis is a preliminary to the discovery of a cure.

But the diagnosis, if it is to be of any use, must be ruthless to the patient, and particularly to that part of the patient which consists of ourselves. Capitalism will never be destroyed by throwing stones at capitalists and by pocketing the coins which the capitalists skilfully mix with the stones which they throw at us. If we are to cure society we must understand exactly the nature of its disease and the manner in which and the extent to which it has permeated individuals and classes. I am not concerned to praise or blame the socialist writer who is out to make a profit, or the socialist leader who accepts a well-paid post in some capitalist Government or is carried away by the patriotism of capitalism to support imperialist wars to end wars; but, as a writer on socialism and co-operation who wishes to see capitalism make way for something better, I am very much concerned with noting the existence and effects of these significant phenomena.

This analysis of the social philosophy of capitalism and of its effects has been long, but its utility will, I hope, become apparent now that we have to examine the alternative presented by socialism. The socialist begins by denying the paradox of capitalism; he denies that, if you want to make the ultimate end of social organization the interests not of classes or individuals but of the whole community, you should make the competitive interests of individuals and classes the basis of your social organization. The common interests of the community will never be attained by the whole of society, if they are deliberately excluded from the several parts of society and from the everyday life of individuals and classes. To organize society on the basis of competition

between individuals and classes, and to encourage individuals and classes to pursue only their material advantage and profit, inevitably has two results : the common good or communal interests cease in practice to become a motive of action, while individuals or classes which have been clever, cunning, or lucky enough to do well for themselves in the struggle for power and profit will establish themselves in so strong a position of privilege and vested interest that they will be able to make the whole machinery of society work, not for the common good of society, but for the preservation and extension of their own monopolies and interests. No, argues the socialist, in human affairs if you aim at producing Z, it is neither usual nor reasonable to concentrate your whole attention upon producing A. A farmer, whose ultimate end is the production of a field of corn in August, does not usually sow his field with tares in the spring. If the ultimate end of social organization be the common interests of the members of society, then we should organize society so that in every part of it the common interests, not the separate interests of individuals and classes, are the visible aim of the organization, and so that the motives of individual action are not selfish but social.

The task which the socialist thus sets himself in revolutionizing society is far more formidable than he sometimes seems to realize. He has, in the first place, to devise an organization which, both as a whole and in its several parts, is based upon communal interests. He has to show that such an organization will work and will, in fact, produce the results which it is intended to produce. But even that is not enough ; he has also to show that, given his particular

rearrangement of the social organization, individuals and classes will accept communal interests as the motives of their social actions. It is the bearing of the co-operative principles of industry upon these formidable problems of socialism which I propose to examine in the following pages.

First let us attempt to define what may be called the postulates of socialism, those postulates which all socialists accept and of which the acceptance distinguishes the socialist from the capitalist. They exist and are of importance. The socialist, as we have seen, starts from the position that society should be organized as a whole and in its several parts for the benefit of all, and that this cannot be attained if the basis of political or economic organization, for instance, is competition between classes or individuals for their own interests or for profit. So far as the mere machinery of organization is concerned, therefore, socialism must strike at the root of the capitalist principle which economically organizes society on a basis of competition between classes and individuals. The root of competition and therefore of capitalism is the private ownership of the vital economic resources of the community. So long as individuals own, organize, and control land and capital, the competitive system must dominate society, for every individual or class is compelled to take part in a ceaseless struggle against other individuals or classes for the ownership or control of the means of production or the commodities produced.

Here we find the justification for the enormous importance assigned by socialism to the economic factor in the organization of modern society. If the private ownership and control of the economic

resources is recognized in a highly industrialized community such as that of Britain in the 19th century and is protected by the whole power of the modern State, the internecine struggle—a struggle which at one end of the scale is a struggle for profits, and at the other a struggle for bare existence—must inevitably dominate the life of the individual, the class, and the whole community. It is important to notice that the social disease in the virulent form which is attacked by socialism can only exist in a highly industrialized and capitalistic society. Where, as was the rule before the 19th century, the earth was covered with thin and scattered agricultural and pastoral communities, where men lived mainly upon the land and obtained the commodities consumed by them for the most part directly from the land under their feet, the internecine struggle, as we know it, scarcely existed: the struggle for existence was not between individuals and classes, but against nature, and, when men starved, they were starved not by their fellow-men, but by the sun or the rain or the hurricane. But to-day in London or Manchester no man produces what he consumes, nor does the whole community consume what it produces; every individual is therefore part of an intricate economic machine, and the right to control that machine or any part of it becomes of enormous importance. At one end of the scale an individual or class, by controlling the machine or part of it, can and does obtain an inordinate share of the commodities produced; at the other end of the scale a man, with no control over any part of the machinery, if he for one instant fails to keep his position within the machine, will find himself deprived of the barest necessities of existence.

Thus in the capitalistic industrialized State the individual is compelled to carry on a perpetual struggle, not against nature, but against his neighbour; and, when men starve, they are starved not by drought or flood, but by the elaborate stupidity of the social machinery which they have created, machinery which any intelligent ant or bee would be ashamed of, but which man himself proudly calls civilization.

These facts account for the stress laid by socialism upon the economic organization of society. The fundamental principle of socialism, the principle which distinguishes the socialist from the non-socialist, is the belief that the economic resources of the community should be owned and controlled not by individuals or by classes, but by the whole community. But the exact meaning or nature of this principle and belief must be clearly understood. Many opponents of socialism, and indeed many socialists themselves, completely misunderstand them. The communal ownership and control of the economic resources of the community are not an end in themselves. There is no reason to believe that the man without property is a better man than the man with property, or even that the England of to-day would be a better England if the mines were nationalized than if they were not nationalized. No, communal ownership can only be defended on the ground that, and if, it produces certain social conditions and a certain social psychology, while it destroys the evil social conditions and social psychology of capitalism. Socialism aims at communal ownership and control only because it believes that in that way alone the following conditions will be produced : the organization of society on the

basis of a struggle between individuals and classes for their immediate profit, for monopolies or privileges, or for bare existence, will be abolished; each part, as well as the whole, of the machine of society will then be enabled to work visibly for "the good of the whole community," and not in the interests of particular individuals or classes; the economic organization will no longer create the economic psychology of capitalism; civilized men will no longer spend six-sevenths of their lives in the curious occupation of trying to buy in the cheapest and sell in the dearest market; we shall cease to be dominated by the perpetual necessity of pursuing material, selfish, and petty ends, and the motives of our actions will be something a little wider and even nobler than a 2s. rise in wages or a profit of 25 per cent.

CHAPTER II.

SOCIALISM AND THE CONTROL OF INDUSTRY.

In the previous chapter I have examined the barest foundations of socialism. I have tried to show that the socialist aims at building up society on a basis of co-operation between the units, whether individuals or classes, of society and at making, therefore, not competition or private profit, but communal interests or communal service the visible end of social activities in the every-day life of the individual. The condition precedent to the existence of such a society is the communal ownership and control of the economic resources and instruments of the community.

But the socialist when he has arrived at this position has only reached the fringe of his problem. He has just succeeded in becoming aware that he is a theoretical socialist rather than a theoretical capitalist. Anyone with a little imagination can construct in his mind's eye and—provided that he can obtain a publisher—transfer to the pages of a printed book an almost infinite series of societies which would conform to our description of a socialist society. For there are innumerable ways in which the communal ownership of communal resources might be organized and innumerable patterns into which the units of society might be fitted so that, theoretically at least, they spent their lives in harmony and co-operation rather than in exploitation and competition. That is why we have our Lenins and our Mr. Webbs, our Christian Socialists, Social Democrats, Syndical-

ists, Guild Socialists, Communists; and that is why this chapter now has to be written.

I am afraid that I must trouble the reader to start from what is almost the alphabet of the subject and of his beliefs. But I shall do this of set purpose. Nothing is more salutary than to rethink one's elementary beliefs. Political stagnation and the impenetrable inertia of conservatism descend upon a man or society, when they accept any belief as so elementary as to be unquestionable. In science the greatest discoveries have been made by some perverse man who has questioned, rethought, and proved false the elementary truths of science. And what applies to science applies equally to politics and economics.

The problem which has produced the socialist and which he has to face is that of capitalistic industry. This is the fact that we must always have before our minds. It is the enormous, intricate machinery of production and distribution which dominates the lives of individuals and classes in modern western communities. The instruments and machinery of production and distribution include not only the factories and their plants, but the land and its minerals, etc., ships, railways, and other means of transport, the machinery of banking and finance, capital. Under the existing system the instruments and machinery are mainly in private hands and under private control. Wherever you examine this intricate machinery you find that society and its laws deliberately establish and protect private ownership, oligarchical control, and competition. The soil and its products, the subsoil and its products, the factories and machines, the banks, the ships, the railways, are in the hands and under the control of a minute minority of the population.

The whole individualist, capitalist system implies that the control is exercised in the interest and for the profit of the owners or controllers, and the implication is, in fact, fulfilled. Every step in the process of production and distribution is set in motion by the desire for private gain or profit. The farmer produces corn, the manufacturer makes cotton or iron goods, the baker bakes bread, the shipper runs his ships, the banker lends or borrows money, only if a profit can be made out of the transactions. And a profit can only be made if one can get hold of some part of the machine and gain control over a piece of soil or a factory or a ship or a bank. The instrument through which such control can be obtained is capital.

The task which the socialist sets himself is to re-organize this machinery of production and distribution. He has to establish communal instead of private control over the machine, and to substitute communal for private ownership of economic resources and the instruments of production. His object, therefore, may be defined, from one point of view, as the democratization of industry. As soon as the problem is stated in this way, it will be seen that there are several alternative lines of organization open to the socialist. He may, for instance, take the community as a territorial unit, subdivided into other territorial units, and attempt to transfer the ownership of the economic resources and the instruments of production, and the ultimate control of industry, to these territorial units. The community is already organized geographically in the State, and geographical democracy when applied to industry inevitably issues in State socialism or Sovietism.

It was natural that the first impulse of the 19th

century socialist was to make the State and geographical democracy the basis of socialist organization. He belonged to a generation which conceived high hopes of political democracy; that new Leviathan, the modern State, was just emerging, equipped with tremendous powers for good or evil, from the slime of the *ancien régime*; the future seemed to belong to the democratic State. In these circumstances the rise of social democracy or State socialism was inevitable. It was so easy to identify the community with the democratized State, and you had only to transfer the ownership of land and the control of the economic resources, the instruments of production, and industry to the State, and you would bring the walls of capitalism tumbling down about the ears of its defenders and at the same time raise upon its ruins the walls of the socialist commonwealth. A passion for nationalization swept through the Labour and socialist movements, and Her Majesty's Postmaster General, as the figure-head of the only nationalized industry, became for many socialists the symbol of a new era.

These beliefs and theories have bitten so deep into the Labour and socialist movements, particularly in Britain, that their marks are clearly visible to-day. Nationalization remains for many people a synonym for socialism, and to hand over the mines or the railways to a State department would in their opinion mean a Red victory and a White defeat. I do not propose here to enter very deeply into the question of State socialism, since my reasons for rejecting it will become apparent in my discussion of the co-operative principle. But it is necessary to note briefly the fact of and reasons for a widespread disillusionment in the ranks of the State socialists and nation-

alizers. The State is essentially the organ of political democracy and in the last thirty years both the State and political democracy have disappointed the majority of their most ardent supporters. The real cause of this phenomenon is rarely understood even by democrats and socialists, who are so occupied in finding in the evils of society stones which they may throw at their enemies that they neglect to enquire why the evils and the stones are there. The century which was brought to a characteristic and appropriate close by the great war and the Treaty of Versailles is chiefly remarkable for the failure of the 19th century conception of democracy. For democracy, as our fathers understood it, has not only failed to be democratic; it has refused to work. There are several States in the world to-day which, so far as the formal machinery of Government is concerned, are eminently "democratic." With their senates and chambers and referendums and universal suffrage they are admirably constructed political instruments upon which the people, had it the will and the skill, should be able to produce the highest democratic harmony. But the harmony is rarely, if ever, produced, and the instrument is used, not for expressing the will of a democracy, but for maintaining the power and promoting the interests of oligarchies. Government is actually carried on by little cliques, groups, or classes and by bureaucracies; the bureaucracies are firmly entrenched behind the politicians in the darkness of Government Offices above democratic control; the little political cliques and groups capture and maintain control of the complex machinery and power of the State by becoming the tool of class interests, by an elaborately organized system of private and public corruption,

- and by a periodic debauch of lies and promises called a general election.

Disillusionment not unnaturally has followed. The State, which should be the organ and embodiment of communal interests, is too obviously an engine of exploitation and tyranny, while the institutions of political democracy are used only either to give a blank cheque to some oligarchy or to endorse its actions and exactions. Practically everyone recognizes and admits these facts and evils in countries or among classes other than their own. Prussian militarism in the form in which we crusaded against it was admittedly only possible in a modern State under the forms of a political democracy, and the Junker and conscription were the corollaries of universal suffrage. The socialist and the Bolshevik, too, are never tired of analyzing the working of the bourgeois State and the part which the representative Parliament and the mechanism of political democracy have played in fastening ever more securely the economic fetters upon labour. But, while the disease which the British patriot, the socialist, and the Bolshevik have observed certainly exists, the observers have mistaken the causes of its existence. The German and the capitalist, and the natural wickedness of Germans and capitalists, are not the cause of Prussian militarism and the Prussian State, nor of the sham democracy of the French and British bourgeois State. The real cause is to be found in a political phenomenon closely allied to the economic phenomenon with which I dealt briefly in the previous chapter. Political democracy has failed because the communal beliefs and desires implied by it do not exist. A hundred and fifty years ago a man or a small group of men could say : " I am

the State " or " We are the State," and not only did the vast majority agree with them, but political institutions and the machinery of government accurately reflected this strange political belief. Men believed in and desired oligarchy, and the oligarchical society of the 18th century which was the result was, with all its faults, alive, and it worked. But, as we saw in the previous chapter, while communal beliefs and desires produce particular forms of society, those forms again tend to produce a particular form of social psychology. The man who is born and bred in an oligarchical society has the beliefs and desires implied in oligarchy. The failure of 19th century democracy, and the apotheosis of European civilization which we have lived through between 1914 and 1921, are due to the fact that, while the outer form or shell of 18th century society was destroyed about 1789, its communal psychology survived and survives. In the last century there has been a slow, spasmodic transformation of social and political institutions, particularly the institutions of the State, from an oligarchic to a democratic form. But there has been no corresponding transformation in the minds, in the communal beliefs and desires of western communities. The psychology of oligarchy and the psychology bred by oligarchy remained when the Bastille had fallen and Liberty, Equality, Fraternity had been proclaimed. And the psychology of oligarchy is not confined to the rulers and the ruling classes. The oligarchic mind implies a belief, often unconscious, in the efficacy and inevitability of rule from above, a desire either to rule or to be ruled; it can only conceive society as a hierarchy of classes and the main motive for action as competition between individual and class interests.

The democratic mind, on the other hand, would imply a belief in and a desire for co-operation in common interests, a desire neither to rule nor to be ruled, but to act together, as men often do in various forms of sport, on an equality for a common end; a desire to express one's own individuality freely combined with a very large tolerance of the free expression of their individuality by other people; and finally a conception of society as composed not of competing individuals and classes, but of citizens making individually or collectively their distinctive contributions towards the common life. This analysis has only to be stated in order to show that the psychological conditions necessary for the working of democratic institutions have nowhere even begun to exist. Our psychology remains oligarchic; our rulers still desire to rule, while the ruled, where they are not content to be ruled, desire only to step into the shoes of the rulers; the tenacity with which the ruling and possessing classes have fought to maintain their position of power and privilege has forced the subject classes to see in democracy and democratic institutions only weapons for an intensified class warfare. In a word the oligarchic mind which survived the 18th century has corrupted the democracy of the 19th, so that the pseudo-democracy of the 20th century breeds not democrats but oligarchs.

These facts explain why it is the democrat who is most dissatisfied with and most conscious of the failure of the political democracy evolved by the last century. To-day political democracy is inscribed on the White banner of reaction and the Red Flag is raised to the cry of "Down with political democracy." A significant but not a surprising phenomenon. The

socialist, who agrees with the democrat and sees the impossibility of using the system and institutions of this pseudo-political democracy as the basis of communal ownership and control and industrial organization, is forced to consider alternative methods of organization. It is natural and reasonable that he should start from the existing organization of society and particularly of industry.

A survey of the modern community shows that, in the sphere of industry, its organization is based upon a sub-division into three great classes : a capitalist and land-owning class, a propertyless working class, and the consumers. (There are two other important classes of "producers" in the community, the autonomous practisers of a profession, such as the law, medicine, etc., and the professional or technical "management" staff in industry : the social position and psychology of these two classes are similar and, from some points of view, very important, but, for our present purposes, they can be ignored.) The socialist, whatever be his colour, starts by eliminating the first of these classes ; he finds the ownership of economic resources and the control of industry concentrated in the hands of the property-owners and capitalists, and he proposes to withdraw both and transfer them to the community. That means the elimination of the property-owner and capitalist as factors in the social life and the economic organization of the community. After this elimination the socialist is left in the following position. Industrially and economically society will now be divided into two great classes, the workers or producers of industrial commodities, and the consumers of those commodities. The ownership of economic resources and the control

of production, now withdrawn from the capitalist classes, have to be vested in other hands.

Prima facie the socialist who has reached this theoretical position, and who has rejected State socialism, might take one of two alternative lines. He can make either production or consumption the basis of his socialistic organization of the community. If he choose the first alternative, he will make the producers the pivot upon which the whole life of society must turn: he will take the producers and their organizations and transfer to them the control over economic resources, over production and the instruments and methods of production; the community will be organized for production and the producer will take the place of the capitalist as the dominant force in society. On the other hand, he may look to the other great class, remaining after the elimination of the capitalist, to form the basis of social organization. For industrial purposes society will then be organized as a community of consumers, and the control of its resources and of production will be vested in organizations of consumers.

It must be said at once that the whole tendency of modern socialists and socialism is to adopt the first alternative. The Marxist, the syndicalist, the Guild Socialist, the Bolshevik, all, either consciously or unconsciously, regard the socialist commonwealth as a community of producers and look forward to a new world in which the control of the economic life of the community would be vested in the organized producers as representing the whole community. There can be no doubt that historical causes have very largely contributed to this tendency in socialism. Socialism is the science or religion of social revolt;

it was born in a revolt among the workers or producers against the conditions which the tyranny and exploitation of capitalism inevitably imposed upon them. It has become in the course of years an almost automatic reaction of the capitalists' chief victims against the "Hell of the wage-earner." Its most congenial and fertile soil has been found in those organizations of the worker-producers, the trade unions, whose main function it is to carry on an incessant struggle against the capitalist controllers of industry and to wring from them by militant methods, the only methods recognized by the savagery of our civilization, some additional share in the profits of industrial production or some slight control over the conditions of their employment. This environment of the militant producer, in which socialism has grown up, has naturally had a deep effect upon its outlook. In the conflict of the capitalist system what is taken from the worker is added to the capitalist, and what is wrung from the capitalist becomes the spoil of the producer. The Red Flag of socialism becomes the banner under which the producer fights this fight against capitalism, and, if final and complete victory should go to Labour, the capitalist would be eliminated and the proletariat of producers would alone remain to control the socialist commonwealth. Thus it is that the socialist commonwealth comes to be accepted as a community of industrial producers, and the socialist looks forward to a socialist society organized on the basis of production and in which the control of industry is vested in producers' organizations, glorified trade unions, Guilds, or soviets.

Recognition of the fact that the present function of the producers' organization is rightly to fight for

its own hand against the capitalist and his system, and sympathy with the aspirations of the worker, ought not to lead us without further investigation to accept production as the basis and the producers' organization as the unit in socialistic society. The very fact that one of our beliefs or aspirations can be traced to a historical cause should make us view it with suspicion, for the probability is that it has been partly infected by some ancient illusion or some deep-seated and traditional evil in the individual or the communal mind. This is particularly true of the socialist beliefs with which I have been dealing. They spring, as we have seen, directly from the capitalist psychology which, while capitalism still exists, is imposed upon the worker in his struggle for existence against the capitalist. The socialist must, therefore, satisfy himself that, by carrying over into the new world of a socialist commonwealth beliefs and desires which had their roots in the psychology of capitalism, he will not be doing for socialism precisely what the 19th century democrat did for democracy by carrying over into the new world of reformed Parliaments, universal suffrage, etc., the psychology of oligarchy. The hardest part of the socialist's task, as the recent history of Russia shows, will perhaps be, not the elimination of the capitalist, but the elimination of the psychology of the capitalist from the society which has been constituted in accordance with all the formal principles of socialism. If the communal beliefs and desires now existing with regard to production and consumption persist, the community may have a socialistic body, but it will certainly have a capitalistic soul.

This raises the elementary question of the position

of production and consumption, of the producer and consumer, in a socialist society. As stated here, it may at first sight seem to be so elementary, academic, and theoretical that many people will regard with impatience the prospect of a whole chapter devoted to its consideration. But of all the beliefs which lie behind the actions of men in masses it is the most elementary and the most fundamental which are the least academic and theoretical. It is these beliefs which are the strongest bulwarks of ancient evils and the greatest bar to progress. Hidden, as a rule, beneath the surface of our consciousness, they form an invisible barrier against which new ideas or aspirations beat helplessly, and, if after a long time some new idea at last does succeed in penetrating through the barrier into the communal mind, it has long since lost all its freshness and virtue and is already assimilated to and undistinguishable from the old. I may say at once that, in my opinion, socialists have been wrong in accepting, often unconsciously, their view of production and the producer from existing society, that syndicalism, communism, and Guild Socialism might create a formally socialistic society, but their attitude towards and the place which they assign to industrial production would make the growth of a socialistic psychology impossible; and finally that socialism implies consumption as the basis of communal organization. It is because the Co-operative Movement bases the organization of industry upon consumption and provides an instrument through which the control of industry might be given to the community, organized as consumers, that I believe that it might be used as one of the most powerful means for attaining the ideals of socialism. But the

practical question of the organization of a fully socialistic society, and of the method of transition from the capitalist society of to-day to the socialistic society of to-morrow, cannot be adequately treated unless we are absolutely clear in our minds as to this elementary question of the position which should be given to production and to consumption in the organization of the community. I propose, therefore, to discuss this question in the next chapter: we shall then be in a position to examine the part which the co-operative principle should play in a fully developed socialistic society, and the part which the existing Co-operative Movement might play in the transition to socialism.

CHAPTER III.

PRODUCTION AND CONSUMPTION.

Many people will think that this chapter is "academic," but it is nothing of the sort. The socialist aims at creating a completely new form of society, but he is not Jehovah, he cannot say "let there be socialism" with any hope that on the following sabbath a complete socialist commonwealth will be established in the present seats and citadels of capitalism. In every revolution, which is a radical change in human institutions, there must be a process of destruction accompanied or followed by a lengthy process of construction. It is in this transition stage of construction that revolutions have always failed, and they have failed not because men have been unable to devise means for accomplishing the ends desired, but because they have been in confusion or disagreement with regard to what ends were ultimately desirable. Man is so ingenious and cunning an animal that he has always found it easy to devise means for attaining the evils and miseries which he desires for himself and his fellow-men, and there is no reason to believe that he could not be just as successful in attaining good and happiness if he really desired and had a clear idea of them.

This is particularly true of socialism. The end aimed at by the socialist is a highly complicated one, a new and intricate form of society; unless he and those who carry through the revolution have a clear idea of what that form of society should be, they will

certainly go astray as soon as they are immersed in the tangle of practical problems which constitutes the period of transition and, like the democrats of the 19th century, they will wake up one morning to find that they have laboriously created hell in mistake for heaven. If the world wants a form of society different from that which has produced the ruin of the war and the even greater ruin of the peace, it must have a clear idea of the ultimate form of that society which it desires, for without such an idea it cannot with safety take a single step in the transition stage towards its attainment.

The place which we propose to assign to industrial production in the ultimate socialistic commonwealth is not an academic one; it is the first practical problem which the socialist has to consider. If we are to solve this problem it is essential that we should free our minds, as far as possible, from those beliefs and prejudices which we inherit with the psychology of capitalism; and I propose, therefore, to examine briefly the beliefs and desires with regard to production and consumption which are accepted by the ordinary man to-day.

The most striking characteristic of our society is the enormous importance assigned to production, and particularly industrial production, and the immense part which they play in the lives of individuals. The great majority of the population spend the greater part of their waking existence in producing industrial commodities, and a very large portion of the remainder spend theirs in selling these commodities to other people. This is what constitutes the "work" of millions of men and women, and we not only believe that a man's work is the most important thing

in his life, but we so organize society that in fact it is so. It is upon this system and psychology of "work" or production that the hierarchy of classes in the capitalist community is built. A man's class is determined by the work which he performs or does not perform, by his production or his non-production. Nevertheless, society under capitalism is so organized that both the framework and machinery and the psychology of production are extraordinarily incoherent and irrational. The position of a class in the hierarchy of classes is determined by the nature of the commodity which the class produces. At first sight it might appear that the position of a class is in inverse proportion to the amount of its production, for the highest position in society is given to those classes which produce nothing. But this principle of social organization is applied sparingly and at only one end of the social scale. Capitalism encourages the rentier, whether he be a land-owner, a lawyer, an author, a capitalist, or a gentleman "of no occupation," to produce nothing; but it is prepared to use the whole power of the State and the effective weapon of starvation to compel the miner or the railwayman to work. Non-production, therefore, which is a virtue in one class, may be a crime in another.

The position and reward of classes is also partly and erratically determined by the social value of the commodity which the class produces. The social position of the brain-worker is higher than that of the manual worker, and the highest paid industrial worker can never hope to obtain anything approaching the position or income of a successful writer, barrister, or employer. This system is defended on the ground

that what brain-work produces must always be of higher social value than what manual labour produces. But, even if the defence be admitted, it is clear that the principle is only partially and erratically applied. The social value of drainage in a large modern city is immense, while that of champagne is negligible; but it is not easy to detect any influence of this fact upon the relative positions and earnings of sewer-men and wine-merchants.

The most powerful factor in the organization of the hierarchy of classes upon the basis of production is, however, profit-making. The position and reward of a class is mainly determined by the power which it possesses to levy a toll upon society. Practically the whole of production in the world to-day is on a basis of profit-making. No one produces anything unless he thinks that he can sell it, and the difference in the position and in the reward of different individuals and classes depends to a very great extent upon whether or not they are in a strong position for selling the commodity which they produce or the service which they perform. The strength or weakness of their position as vendors or profit-makers is only to a negligible extent determined by the nature of what they have to sell or by its value to the purchasers or consumers; it depends mainly upon two factors: first, the amount of control which the individual or class can exercise over the machine and instruments of production, and, second, their power of establishing a monopoly and creating a shortage of supplies. Thus under the present system both the capitalist and labour are continually attempting to sell commodities and services to the community at the highest profit possible, and the worker is forced to conform to the

rules of the capitalist game, i.e., to attempt, through trade union organization and the ultimate threat of withdrawing labour, to exact a monopoly price for that labour. In this curious game the worker, until comparatively recent times, always lost; the position from which he started in his attempt to levy a toll upon the community was much weaker than that of either the capitalist or the professional classes. The capitalist started with a control of the machine of production and the possession of material resources; no capitalist has ever been literally starved into submission either by labour or by the community; the question for him is one not between starvation and a profit, but between a larger or smaller profit. The professional classes, again, until the war destroyed the foundations of civilization over large areas in Europe, were in a very strong position for exacting monopoly prices for their services; they had established, behind the wire entanglements of the law or of social customs and institutions, an elaborate system for controlling the entrance to their professions and the supply of services; when they sallied out to raid the community they always knew that, even if the raid proved a failure, they would have this impregnable position to fall back upon; before the war there is no instance in which skilled lawyers or doctors were starved into economic submission by their employers or by the community. But even to-day the economic position from which the industrial worker starts to raid the community and to exact a monopoly price for his labour is extremely weak. He has no property, and the price at which hitherto he has been able to sell his labour has made it impossible to create any substantial reserve; instead of the law

and social institutions protecting his position, he finds, as soon as there is any chance of his becoming strong, that the whole machinery of the law and the power of the State are used to prevent his withdrawing his labour and exacting a monopoly profit for it.* The profit which the industrial worker has been able to exact from the economic struggle has, in fact, been low, because the capitalist and the community can use against him the effective weapon of starvation enforced by the law, the army, and the police.

All these conditions acting together have produced in modern man a very peculiar and, as I think, irrational psychology and philosophy of production. That psychology is now automatically accepted in part by all of us, but, unless it is eradicated, no really socialistic form of society is possible. The fact that the majority of human beings only produce in order that they may earn a living, i.e., in order that they may not be starved to death, and that the criterion of production is not anything in the thing produced, but the amount of profit which the individual can make out of producing it, has had this effect, that we unconsciously regard production as an end in itself. A man's work, i.e., production, is the most important thing in his life, but it is important simply because it is production and also because it "earns him his living," not because of any quality in the commodity produced. Qualities in champagne and drainage, for instance, their social utility or their æsthetic value, do not really enter at all into the mental attitude of the manufacturer of champagne, the wine-merchant, and the sewer-man towards their occupations, nor indeed into the mental attitude of the rest of the

* *Vide* The Emergency Powers Act.

community towards them. The first thing of importance is that a man should "work," that he should produce something, whether champagne or sewers is not of any great moment; the second thing of importance—and what differentiates one occupation from another—is the amount of profit which the production of champagne or sewers brings to the producers.

According to this social psychology we believe at the back of our minds that production should be organized and carried on, partly in order that "things" may be produced which are capable of being sold, and partly that people may earn a living, make a profit, or have an occupation. There are, however, other beliefs and desires with regard to production and work which in some periods of the world's history have had quite an appreciable effect upon civilization and which still have some influence upon the psychology of production. Some people have accepted, and even practised, the idea that the value of production depends upon the value of the thing produced, and that a man who spends eight hours a day and six days a week the whole of a life long, producing bad, ugly, and useless things, even though he earn a living wage or a profit of 25 per cent., cannot be said to live a life worthy of a civilized human being. According to this view the value of production depends upon one of two things, or upon both, upon the social or æsthetic value of the product or upon the mental attitude of the producer towards his work. The meaning and implication of the first of these two conditions are clear: no man should produce anything unless it be either good in itself or a means to good, and society, in so far as it

organizes production, should take as the standard of production not the quantity of things produced or the profit accruing to individuals or classes or the amount of work provided to fill up the lives of the citizens, but the kind of things produced for consumption by the community and the standard or quality of life which production enables the community to live. Though most people would accept these statements of principles as theoretically sound, the whole of modern production is, as we have seen, organized on principles diametrically opposed to it. But this has not always been the case in the world's history. In ancient Greece the principle, as here stated, was not only universally accepted as a theory, but to a very large extent it was applied in the lives of the individual and in the organization of the Greek State and Greek society. Ancient Athens was, indeed, neither a heaven nor a Utopia, and human beings there, not exempt from the ferocious stupidity which appears to be characteristic of their species, inflicted upon themselves and one another relatively almost as much misery and cruelty as we ourselves succeed in inflicting with the experience of another two thousand years behind us. Nevertheless, there is much to be said for the view that communal life has never before or since reached the high level of civilization and humanity which it did in Athens during the fourth century before Christ. If this be correct the real cause of this curious phenomenon of a civilized human society will be found, I think, in the fact that the Greeks had a curious theory of production and that they actually applied it in the everyday life of their society. Even the jokes in their comic operas show that they conceived the objects of their existence as

something really different from what we conceive ours to be. They set an immense value upon beauty, intellectual activity, leisure, and happiness; they had no idea that the right life for a man to live is one of incessant work in order that he or someone else may make a profit or even that he or someone else may receive a spiritual reward in heaven after death. The "good life," which in their opinion was the end to be aimed at both by the individual and the community, was a life of great freedom and activity; but their activities were not economic, they were æsthetic, intellectual, political, and simply physical. Thus athletics and physical enjoyment in sport and games formed part of the "good life" in a well-ordered State; and the organized life of society was directed mainly to the production of beautiful cities, the public performance of dramatic works of art, to the provision of political oratorical displays and causes célèbres, and to war. It is true that full citizenship was restricted to a very small class in the community and that at the other end of the scale slavery existed, but 22 centuries ago in Athens the gulf between the free citizen and the slave was far less than it is to-day in London between the free rentier with an income of many thousands a year and the free sweated worker. The mass of the population consisted of "small farmers or craftsmen," and there was no economic exploitation of slaves on a large scale, as in later times there was in Rome. At no time in the history of the world has there existed a highly developed civilization in which there was such an equal distribution of wealth as there was in Athens, and this followed directly from the fact that both in theory and in practice the object of production to the Greek was

not production or profit, but use. In fact, we might now be living in a civilized Europe if the Greeks had not believed that war is one of the chief objects of organized society, and if they had realized that war is incompatible with the "good life."

The Greek view of production has never, perhaps, completely perished, and until the 19th century a vague idea persisted in Europe that the main object of production was to produce things either beautiful or useful. But, partly owing to a characteristic of human nature and partly owing to the spread of certain doctrines of Christianity, a new conception with regard to production grew up and still has considerable influence upon society. Under certain circumstances there is undoubtedly much pleasure to be obtained from the mere act of production; the artist or the skilled craftsman notoriously finds a keen "joy in his work." The idea that this "joy in one's work" is one of the objects of production has often been and still is widely held, and it has become confused with another idea largely due to Christianity. Christianity taught the useful and dangerous doctrine that God had ordered the universe in such a way that each individual was born in a certain station of life in which it was his duty contentedly to perform his allotted function. Hence it is deduced that Providence has ordained that the miner shall mine, the champagne-merchant sell champagne, the sewer-man keep the sewers in order, and the capitalist make a profit, and by a not unnatural extension of this theory it is further deduced that each of these individuals should find in his occupation "the joy in work."

The relation between these various and conflicting

elements in the psychology of production, and the actual development and organization of modern industrial production, are most important. Capitalist industry does not, as we have seen, produce things because they are beautiful, good, or useful, but because someone thinks that he will be able to induce other people to buy them and that thereby he will make a profit for himself. For all the classes engaged in production, other than the manual worker, this motive of profit-making has hitherto proved adequate; the reward which may conceivably fall to the successful capitalist, financier, employer, manager, professional expert, is so great that on what may be called the capitalist side there has been an ever-growing competition to produce commodities. But the "joy in work" or in creation or production scarcely enters at all into the psychology of these "producers," and the only quality of the product which is of real importance to them is its saleability, its marketableness. The man, other than the manual worker, who starts to produce matches or books does not do so because he believes matches or books to be good things, or even that people want matches or books, but simply because he believes that he can induce people to buy those commodities at a price higher than it costs him to produce them. That is why during the last hundred years of capitalism more and more energy has been put into the work, not of producing things, but of inducing people to believe that they want to buy things which are produced. The psychology of production among persons other than the manual workers consists almost entirely of two principles: produce what is saleable and sell at a profit.

But the position of the industrial manual worker is different, and the development of his psychology has therefore been different. The commodity which he has been engaged in selling is industrial manual labour, and his weak economic position, as we saw in the last chapter, results in his making very little profit out of the transaction. His work is arduous and usually unpleasant, and his reward is small. The consequence is that from the very first there has been a tendency for the capitalist industrial system to break down owing to the producer's refusal to produce.

The manual worker finds himself in the centre of a system which assumes that you will only produce if you make a profit out of production; he then discovers that if he increases his effort to produce all or the greater part of the profit goes into the pocket of someone else. Hence the almost universal phenomenon among workers of *ca' canny*, a phenomenon which is not a proof of original sin in the worker, but of the fact that the very conditions of capitalist industry have resulted in making the main motive for capitalist production inoperative in the case of the majority of the producers. The great mass of manual workers are forced to produce, because if they did not they would starve; their object is to sell the minimum amount of their labour at the maximum price, and they will not increase that minimum, and therefore production, because the profit from the increase would go not to them, but to someone else. That is the logic and the psychology of our system of production.

As the industrial system of the 19th century developed it became more and more doubtful whether fear of starvation was an adequate motive, whether it

could obtain from the worker the volume of production and the regular flow of products necessary for the continuance of our urban civilization. The war has considerably increased the doubt, because it has made the worker more conscious of his own dissatisfaction and because people no longer believe that death, by starvation or otherwise, is so important or terrible a thing as it seemed to their fathers. The existing organization of society requires that large numbers of people will have a sufficient motive for continuing to produce by working eight hours or more per day for a pre-war wage of between £1 and £2 per week, and there is evidence that the whole system is breaking down, because the motive no longer works. In many parts of Europe there are already considerable numbers of industrial workers who seem prepared to starve themselves and other people rather than to continue to produce on the old conditions.

This tendency of the capitalist system of production to breakdown on the refusal of the worker to produce has always existed; in order to counteract it, conscious and unconscious attempts have been made, not without success, to enlist those other beliefs about and motives for production which we have just examined. The result is the confused and irrational psychology of production which exists to-day even among industrial workers. In the early part of the 19th century the Christian doctrine of production was still widely accepted in its undiluted form, and the vast mass of the population believed that for the miner to refuse to mine or the spinner to spin would be a sin against the laws both of God and of England. Most of the "upper classes," even when they have ceased to believe in God or Christianity, continue to hold this

view in a slightly modified form, namely, that it is a moral duty or a duty to the community that the worker should continue to work. But it would be a great mistake to imagine that the view is confined to the capitalist or "upper" classes; it permeates the workers themselves. This will be apparent to anyone who, when a big strike of, say, miners or railwaymen threatens the community, will take the trouble to discuss it with wage-earners who are not personally interested in it. He will find that quite a number of these wage-earners are morally indignant not that miners or engine drivers should demand higher wages, but that they should refuse even for a fortnight to drive engines or hew coal. These beliefs are often neither conscious nor articulate, but it is clear that these people still do believe that it is a moral duty to "work" and to go on "working" in the sphere to which Providence has assigned you.

I do not believe that, unless this curious superstition had been widely and deeply spread among industrial workers, our system of production could possibly have persisted as long as it has. But it is even more remarkable that our tottering capitalist system has also been bolstered up by the doctrine that the industrial worker can and should find in his occupation "the joy in work." The fact is remarkable because the whole tendency of industrial development has been to eliminate every particle and possibility of human interest or enjoyment from the operations of the human agents in production. It is often argued that it is possible to exaggerate this tendency, that much of modern industry demands a high degree of skill in the worker, and that wherever work demands skill the worker can find the artist's or the craftsman's

“ joy in production.” And these optimists often add that human beings fortunately are not all built on the same pattern, and that, if the development of machinery makes it inevitable that a large part of production consists in the unintelligent repetition of mechanical movements, some people—in fact, the majority of the industrial workers—are so constituted that they find “ joy ” in the unintelligent repetition of a mechanical movement.

We are here getting very near the core of this problem of production and society, for we are face to face with a crucial question which very few people, even among socialists and democrats, will face. At the time of the last Census, out of 13 million males above the age of ten, 9 millions were recorded as being engaged in commerce and industry, and it is no exaggeration, therefore, to say that two-thirds of the adult male population spend the whole of their life in ceaseless mechanical or laborious operations which a Greek, who lived 2,000 years before we discovered the secret of civilization, would have considered unworthy of a human being. I believe that, if our minds were not warped by the distorted psychology of capitalist production, we should agree with the Greek. If civilization as we know it is to continue, it may be necessary that two-thirds of the population spend eight hours a day in either hewing coal, or adding up columns of figures, or punching tram tickets, or lifting heavy weights, or putting a label on to a bottle of champagne, or putting a minute portion of a useless and ugly article into a machine—it may be necessary, but it is hypocrisy to pretend that our civilization is civilized or that our society can ever be anything but an aristocracy or oligarchy

based upon industrial slavery. There were writers, thinkers, and reformers in the 19th century who saw and admitted these facts, and they proposed as a solution to return, by one method or another, to the pre-industrial form of society. They were usually people who believed that the justification for production lay in the producer's "joy in his work," and they proposed to bring back this "joy in work" through the breaking up of large scale capitalist industry, through producers' co-operation and the self-governing workshop, or through the return to a system of arts and crafts. But the disease of a bad and false psychology of production has eaten far too deeply into our society for it to be touched by these well-meaning, homœopathic sentimentalists. You have only to walk in a city like London or Manchester to see that this psychology and machinery, and the intricate organization of men and machines which we call industry, have got such a grip over us that only either a violent upheaval, a complete breakdown, or a fundamental change in our psychology and social organization can liberate us. In Eastern Europe the liberation has already been effected partly by upheaval and partly by breakdown, and the whole system of organized industrial production has collapsed because upon its rotten foundations there accumulated at last a load of intolerable injustice. Short-sighted people comfort themselves with the belief that it is war or revolution which has produced this collapse and has converted three-quarters of Europe to the verge of starvation, and that war is due to the wickedness of the German and revolution to the wickedness of the Russian. But war and revolution are only the symptoms of social disease or the by-products of our

social beliefs and of our industrial organization. The whole of Europe is now threatened with the fate which, in various degrees, has already overtaken every belligerent country east of the Rhine. But the important thing to observe is that the collapse of the industrial system of capitalism does not mean the end of industrialism. Even in Russia, Poland, and Austria there is no return to the age of Guilds or arts and crafts. The towns decay, but industrialism which we associate with the machine and the factory remain. In Russia the Communists have already begun to build, upon the ruins of the old system, a new elaborate machinery of industrialized production; elsewhere, though the factories may stand idle and the factory worker starve or die of typhus, there is no sign of production being organized otherwise than on the factory system.

It is practically certain that the large-scale production of the factory system, with its minute subdivision of labour and its complicated organization, will continue. Europe may quite possibly sink back into the poverty and barbarism of the Middle Ages, but our new barbarism will remain combined with the industrial barbarism of the 19th century. It is in this situation that the socialist comes forward with an alternative to the already half-derelict capitalist system. In putting forward his alternative he has to allow both for the permanence of industrialism and the existing psychology of production which we have examined in the preceding pages.

Modern socialism, while rightly proceeding on the assumption that industrialism must continue, seems to me to have committed the fatal error of accepting a large part of the existing psychology of production.

Let me, at the risk of repetition, but in order to make my position quite clear, sum up what I conceive to be the psychology of production accepted by the industrial worker upon whom and upon whose beliefs and desires the socialist must build. The industrial worker may be said to have reached a stage at which he is definitely opposed to the capitalist system. He is ready to accept the socialization of industry. He would gladly eliminate the capitalist and the competitive, profit-making, or "profiteering" elements in the industrial organization. But his whole attitude towards industry and production is still necessarily capitalistic. He regards an occupation or vocation primarily from the point of view of what kind of a living can be made out of it, and his standard of desirability is a minimum of work for a maximum of pay. That is not a socialist but a capitalist standard. I am not blaming anyone in saying this, I am stating a fact, and a fact that the socialist will ignore at his peril. It is inevitable that the worker, fighting with his back against the wall in the very centre of the economic civil war, which we call modern civilization, should adapt himself to his environment; if he did not, he would economically perish. To the industrial producer production, therefore, is primarily a means to providing himself with an occupation or work and a "living," and he aims at a maximum monetary return for a minimum of work. Further—and this is a most important point—the trade union, which is the organ of the organized producers, is a weapon of economic war, and the worker rightly to-day regards the object of his organizations to be the protection of his own interests in the struggle against the other classes in the community or even

of one section of the workers against another section. The revolt of the worker is not against the fact that he has to devote practically the whole of his life to industrial production and that his work is long, laborious, and mechanical, while the thing produced may be and frequently is shoddy, ugly, and useless; his revolt is mainly against the fact that he makes so little out of his work or so much less than other classes make out of their work.

The industrial worker also unconsciously accepts the doctrine which capitalistic Christianity has instilled into him, that he should regard his "work," irrespective of what his work produces, as the supremely important thing in his life, that one's trade or profession, provided that one exercises it conscientiously, is something good in itself, something to be proud of, and that a man can be civilized whose main activity from youth to the grave consists in, say, pulling a lever, or adding up columns of figures, or converting truth into journalistic lies.

By saying this I do not wish to imply that it is a bad thing for a man to take a pride in work or in production. Probably nothing really good can be produced unless the producer experiences the "joy in production" and takes a pride in his work. What I do say is that we shall not begin to be civilized until, both individually and socially, we realize that the value of production and work depends upon the value of the product and the quality of the productive activity. A man who with speed and skill performs some simple, mechanical action necessary for the production of some shoddy article by a machine is better than a man who performs the same action badly; if you have to add up columns of figures, it

is better to add them correctly than incorrectly; and if you do spend your time writing articles for the Press, which are lies and which you know to be lies, it is possibly better to write them skilfully than to write them unskilfully. But that does not alter the fact that none of these occupations are such that they ought to furnish the main activity of any man's life, and any society which acquiesces in the fact that three-quarters of the population find their main activities in such occupations remains in the stage of barbarism.

The truth is that industrial production is now a necessary evil, and it should be recognized as such both by society and by producers. We should aim at reducing it to a minimum consistent with a "good life" and a certain standard of material comfort in the community. It should not form the principal occupation of any class or any individual in the community, but should be recognized as a necessary communal evil to be borne equally by every member of the community. The attitude of society towards industrial production should, in fact, be that of the individual towards certain daily actions which he performs for his own personal convenience. Most people are compelled by climate and convention to spend a certain amount of their time each day putting on and taking off a considerable number of articles of clothing; many men perform a somewhat elaborate process for removing the hair from their face, and many women perform an even more elaborate process, by means of pins and other contrivances, for making more conspicuous the hair on the top of their heads. Most sensible people, however, aim at reducing the time spent on these operations to a minimum. A man

who spent the whole of his day in putting on and taking off his trousers, or a woman who spent the whole of hers in putting on and taking off her stays, would be placed by us in an asylum, and yet we view with equanimity and even approval a social organization which compels millions of men and women to spend their whole day in putting on or taking off the trousers and stays of the community.

Socialists and many industrial workers look forward to and desire a social revolution, but, though they may change the outer crust of society, they will never change the essential character of it, unless they effect a revolution in their attitude and that of other people towards production and consumption. The false psychology and philosophy of production, which I have analysed in the preceding pages, result in a failure to distinguish between the relative value of different products and productive activities, as well as between the relative social value of production and consumption. Both the standard of civilization in a community and the value of an individual depend partly on their consumption, partly on their production, and partly on their productive activity. For instance, industry should be considered by the community not from the point of view of production, but solely from that of consumption. It is in the nature of modern machine industry that it does not produce things which are good in themselves; its only justification is that it is capable of turning out a large number of similar material products with little expenditure of human effort. Those products may be useful, but, being products of large-scale production, they must almost always lack those qualities which are necessary for the production of something

good in itself, like a work of art. The actual activity which this modern industry requires from the industrial worker is for the most part mechanical and unpleasant, and the more efficient industry becomes the less skill and initiative it demands from the human agent in production. Hence not only has the industrial product normally no value in itself, but the industrial activity of the human agent has normally a negative value. But this means that the sole function of industry should be to produce things which are useful, i.e., those things which it is necessary for the community and individual to consume in order that they may exercise those other activities which constitute civilization in a society or the "good life" in an individual.

The society and the individual alike require certain material things and certain services, such as food, transport, boots, sanitation, which are good only in the sense that they are useful, in the sense that they make it possible for the society or the individual to pursue other activities, whether of production or consumption, which are good in themselves. That is the secret of the "good life" of which those barbarians in Athens two thousand years ago had a glimmer, but which our generation has almost completely lost. We have lost the secret of living well, primarily because Christianity and capitalism between them have given us a false standard of values both in consumption and production and in commodities. Large-scale industry is peculiarly fitted for the production of those "useful" commodities which have no value in themselves, but which must be produced if human beings are to have the opportunity of living both happily and well. It can turn out commodities,

like food, clothing, furniture, with immense rapidity and efficiency at infinitely less cost in human exertion than either the human producer unaided by the machine or even small-scale machine production. Industrialism, guided by a little reason or imagination, might have revolutionized the life of man, might have raised him in a generation as high above his civilization in the pre-industrial age as the civilization of the 18th century, through a process of tedious evolution, stood above the civilization of the chimpanzee. But industrialism, which might have almost freed man completely from the curse of Adam, which is to spend the whole of his life and his days eating bread in the sweat of his face, has actually increased the sum and burden of grinding and deadening labour. If without sentimentality or prejudice we were to estimate in terms of human happiness and social progress the chief results of all the industrial inventions of the 18th and 19th centuries, we should be compelled to say that they are summed up in the difference between the slums of Manchester and the slums of Constantinople and in the difference between the battlefields of the Somme or Flanders and the battlefield of Waterloo.

The causes of this curious phenomenon are to be found, as the socialist holds, in capitalism, or rather, as I think, in Christianity and capitalism and in the psychology of production which is at once both the cause and effect of a Christianized capitalist society. That psychology views industrial productions from the angle of production, profit, and work. It makes no distinction between productive activities which are good in themselves and those which are either neutral or positively bad, as may be seen by considering for

a moment the attitude of Church, State, and society towards the activities of respectively the miner, stock-broker, artist, scientist, teacher, and brewer. It makes little or no distinction between products, for it judges production quantitatively or by the standard of individual profit. Civilization consists for it not in the quality of products and consumption, but in the volume and variety of commodities produced.

Socialism should, I suggest, build on not only a totally different organization, but also a totally different psychology of production and consumption. Its standard of civilization would be the level of quality in the consumption and activities of the community. But that would entail an even more important revolution than most professional revolutionaries contemplate. It would require to a very great extent a shifting in the angle of vision of both society and the individual from production to consumption. For the socialist would always begin by asking what is the quality of a community's activities and of the products which it consumes? From this point of view the individual's work has little or no importance either to him or to the community. That he should produce is not important, but what he produces may be of importance, because it is consumed. The ultimate aim of the socialist would therefore be a society in which the activities of individuals were good in themselves and the products were good in themselves. But that would immediately put industry and industrial production into a position which they certainly do not occupy in the society of to-day or in that which most socialists appear to contemplate. For neither the products of industry nor the activities of the industrial producers are good

in themselves. Industry should be confined to the production of commodities which it is necessary for society and the individual to consume in order that it and he may do or produce other things. We must make a rigid distinction between industrial production and the activities involved in industrial production on the one hand and non-industrial production and activities on the other. We should no longer attempt to produce industrially things which are, for instance, beautiful, but only things which are useful, which are, in the simplest sense, necessities of life. Industrial production would thus be regarded solely from the angle of consumption, communal consumption, a minimum consumption compatible with the comfort and real activities of the community. The domination of society by the machine and the factory would no longer be tolerated, and it would be regarded as intolerable that any man should fill his life with "work." Once that psychology of production and consumption were grasped, we should rapidly see that it is infinitely more important for a society or individual that a man or woman should enjoy or produce a play or a book or a picture, or should play football or dance, or should talk or go on the river or picnic or cultivate a garden or teach children and adults or make love to one another than that they should make the fraction of some article which is neither beautiful nor useful.

If the conclusion at which we have now arrived be the true one, then the socialist must aim at getting these beliefs and desires with regard to consumption and production accepted by men and women, and at so moulding the framework of society that it will encourage the growth of this new psychology of

production and at the same time gradually receive the imprint of and be filled and vitalized by its spirit. The Co-operative Movement seems to me important simply because it has developed a system of industry containing the germs of such a psychology and organization. Co-operators are the only controllers of industry, capable of large-scale production, who have begun to look at industrial production from this angle of use or consumption. They form but a small island in the great sea of capitalist industry, they have to take part in the perpetual competitive struggle which capitalism imposes upon them, they, like all of us, unconsciously accept the psychology of their capitalist environment; their grasp of their own principle is therefore often vague and vacillating, and it is easy enough to find stones to cast at them and their Movement; but for nearly eighty years now the Movement has been growing steadily in all directions and developing an organization which reflects and is inspired by this principle that industrial production should be carried on not for the purpose of providing anyone with profit or with work, but solely in order to provide the material commodities necessary for use or consumption by the community.

The socialist has a two-fold task. He is looking forward to what people call a utopia. He believes that it would be possible even out of the irrational, semi-barbarous, and elusive material of human nature as it exists to-day to produce a society in which three-quarters of the evil and misery which we inflict upon ourselves and one another would be abolished. Here he is concerned to see, by peering into the future, the broad outline of the form or organization and also the spirit of such a community. That task is

neither academic nor utopian. It is so easy and so disastrous in politics to be practical, to refuse to consider what is ultimately desirable and possible. Looking round the world to-day one sees little but communal misery and savagery : a class struggle in which all the most savage and sordid of human passions, hatred, tyranny, exploitation, and cupidity, are encouraged until every now and then they break out into White or Red terrors and massacres ; and where men are not massacring one another in the name of economics, they are doing so in the name of nationalism or freedom, Englishmen massacring Irishmen, Mesopotamian Arabs, Egyptians, and Indians in order to convince them that freedom and happiness are only to be obtained within the British Empire, and Irishmen, Mesopotamian Arabs, Egyptians and Indians massacring Englishmen in order to prove the contrary. I do not believe that people would tolerate this barbarism if they had even an imperfect vision of what they might make of the world or of that corner of the world in which they live. In the past whenever there has been some rare progress towards a civilization it has always accompanied a vision, however imperfect, of what the practical man would call an earthly utopia and a belief in the attainability of that vision which has influenced political thought and moulded political action. A relapse into barbarism has, on the other hand, always been accompanied by a loss of political and social beliefs and ideals, a cynical opportunism which permeates society and ends in its anarchical dissolution. This is hardly astonishing, for neither an individual nor a community of individuals who have no conception of the direction in which they desire to go can expect to reach anything but disaster.

The socialist must, therefore, have some clear and broad vision of that ultimate socialist community which he considers possible and desirable. In the next chapter, therefore, I shall attempt to trace, in the light of those facts and principles which have emerged from the analysis of this chapter, the form of such a fully-developed socialist society and the part which the co-operative principle of industrial production might play in it. But, having determined in broad outline the kind of society which we may aim at as ultimately realizable, the socialist has then to relate this ideal to the actual life of to-day which surrounds him. He has to consider how the transition may be made from the one to the other, how we might encourage the growth and development of those elements in our social psychology or organization which are in harmony with the ideal, and how we might destroy those elements which are in conflict with it. In the last chapter, therefore, I propose to deal with this transition period and the part which the Co-operative Movement might play in it.

CHAPTER IV.

THE CO-OPERATIVE COMMONWEALTH.

In this chapter we shall be discussing the kind of society which the socialist should aim at ultimately bringing into existence. It is not a utopia in the sense that we can let our imagination run riot to build up in the clouds the best of all possible worlds. This socialist commonwealth must be built upon earth and upon the earthy human beings whom we know. It is an ideal not indeed immediately attainable, but yet not obviously unattainable. It is, in fact, a society in which the principles and ideals of socialism, which we have been examining in the previous pages, would be operating fully and freely. What I now want to consider is the part which the co-operative system of industry might play in this possible, but not immediately attainable, world. Let us first examine the outlines of this socialist commonwealth as they have been drawn for us by the analysis, arguments, and conclusions of the previous chapters.

In our socialist commonwealth the basis of organization and the motive power in communal action must be common interests, and this not as an abstract and vaguely diffused ideal, but in every part of society and the machinery of society. To-day everyone finds himself born into a kind of framework of social machinery and organization which immediately impresses upon his mind the psychology of competition; the infant born into our socialist society must find himself in a framework of organization and machinery which impresses upon his mind the psychology of

co-operation. The framework must therefore assume, as a foundation of society and of its organization, not a conflict of competing interests between class and class and individual and individual, but co-operation and common interests. Hence the ownership and control of the economic resources of the community, and the production and distribution of those commodities and services which form the material foundation of a reasonably comfortable life, must be vested not in private hands, but in the community.

Next, the socialist commonwealth will proceed to isolate, as far as possible, the production of the necessities of a comfortable existence, which I shall call the necessities of life, from the other activities of the community. It will act on the assumption that the object of industry is to produce those necessities of life, food, clothing, transport, etc., which the community requires for its use. Industrial production would be controlled by the community for the community, and would be confined, with certain exceptions, to the production of these necessities of life. The social organization and machinery of industry would reflect the belief that the object of industry is not to provide any man with work or an occupation, that the activities involved in industrial production are necessary but unpleasant and should, therefore, form the main occupation of no man's or woman's life, that everyone should perform his share of this unpleasant but necessary work, remaining free to find his main activities in other pursuits or occupations, and that industrial production should be rigidly confined to a minimum compatible with comfortable existence.

And now, reducing these general statements to a

more concrete form, I would conceive a society of this kind working somewhat in the following way. The land, mines, factories, ships, railways, and all such financial machinery as was required would be in communal ownership and under communal control. Production and distribution would be controlled democratically on a basis of use or consumption, that is to say, the organized consumers would elect local and national executives for this purpose. These executives would estimate the minimum of necessities required by the community for comfortable material existence and would organize industry solely with the object of producing that minimum. The whole object of this organization would be the production of the greatest possible amount of the simplest material commodities at the least expenditure of human effort. Every member of the community would contribute an equal amount of labour to the production of these commodities and would receive in return a right to an equal share in their use or consumption.

This is a very bare outline of the socialist commonwealth, and I must ask the reader to suspend judgment upon it until this chapter is finished, until I have filled in the details and considered the implications in and objections to the design. But before doing this, I wish immediately to relate what I have said to the principles and ideals of consumers' co-operation. I maintain that the germs of such a society are already contained in the Co-operative Movement of to-day, that it already looks at and organizes industry from this angle of use or consumption. It begins by organizing the consumer locally and nationally on a democratic basis, throwing the local unit, the society, open to every member of the

community. The machinery of organization makes it possible for the democracy of consumers, if they desire it, to control through their units, the local societies and the federations of local societies, the whole of co-operative industrial production and distribution. The present Movement is a very imperfect instrument; co-operators have only a dim understanding of their own principles or those of democracy; they are permeated, for the reasons given in the previous chapters, by the unconscious psychology of capitalism; but they have got hold somehow or other of this embryonic idea or ideal of "production for use," and, in the blind and fumbling way in which masses of men think and act, are trying to translate it into the facts of the world which surrounds them. Only in the Co-operative Movement does the organization of industry allow the demand of the consumers directly to set in motion and control production. If one regards the Movement to-day as a community of organized consumers, one can observe a system actually at work in which the processes of production or distribution, whether in the Wholesale Society's factories or offices or in the local stores, are set in motion and kept in motion not by a desire to sell or a calculation of possible profit, not by any desire or necessity to find or provide "work," but by the knowledge of an Executive, elected by the community, that the community requires certain commodities and services for its consumption or use. A single example must serve to show how in this way co-operation differs and would differ from other systems of industrial organization. A capitalist or a company which started to open a factory for the production of boots in Leicester would only do so after a calculation of the

costs of production and the price at which the product could be sold, and what would finally determine whether the process of production should or should not begin would be a calculation as to whether it would or would not be possible to induce the community to buy a certain quantity of the product at a price giving a certain profit to the capitalist or company. No small proportion of the price and of the labour involved in getting the product into the hands of the consumers would consist of the cost and labour in inducing the community to believe that it wanted to pay that price for that particular capitalist's boots. Again, under Guild Socialism or any other system controlled by the producer, it is difficult to see how the production of boots could be started or continued in Leicester except under the impulse of the producers, a demand of the producer, in fact, based upon what is now sometimes called "the right to work." But the C.W.S. directors, when they decided to build and run a boot factory, were concerned neither with profit nor with "work"; they did not think of these things, they thought only of the ascertained demand among the members of Co-operative societies, the community of consumers who had elected them, for boots. It was this requirement of the consumers for boots which acted directly upon the organization of industry, assembled the instruments of production at Leicester, and now causes the boots to be produced.

The co-operative is the only system of industry which establishes this direct and intimate relation between consumption and production. It does so because its principle or ideal is democratic control by the consumer and production for use, and also because it has created the machinery capable of bringing the

consumer's demand to bear directly on the organization of production and of eliminating other motives for production. If the whole industry of this country were in the hands of the Co-operative Movement, and if the Movement embraced the whole population of the country, the Executives and Managements which were elected to control production and distribution would not try to induce people to take cheap watches and jewellery or most of the thousand and one commodities now advertized, nor would they endeavour to produce for the sake of production or of providing employment; they would produce and distribute through the stores only those things which their constituencies informed them that they required. That demand would be conveyed directly through the channels of the co-operative organization, the store, the local quarterly meeting, and the local committee, right up through the federation of societies to the national organization of the Co-operative Wholesale Society.

If the co-operative system were extended to embrace the whole population and the whole of industry, we should have the framework of a socialist society answering to those requirements which have emerged from the discussion in the previous chapters. We now have to examine rather more minutely the working of the machinery within such a framework, the possibility of its developing a socialist rather than a capitalist psychology in the community, and certain objections to the whole idea and conception which have probably already occurred to the reader. One point I may dispose of at once. I do not consider that I can legitimately be called upon to work out in minute detail the system which I advocate and show

that it will work in every one of these details. I am not building a utopia which I say must be accepted as workable and desirable both in the whole and in its parts. I am proceeding rather by the methods of the scientist who establishes the general conditions necessary if a certain result is to be produced. By analyzing the causes which produce existing conditions in society, I claim to be able to say : " If you wish to create a civilized social organization and psychology you must at least establish the following general conditions. There is nothing inherently impossible in these conditions ; they do not postulate a complete revolution in the mind and manners of men. The thing would work provided that this and that were in existence. It is true that ' this ' and ' that ' could not be established to-day nor yet, perhaps, to-morrow ; but they are not impossibles, they are within sight, if not within reach ; they and the society which they would bring into existence are visible goals which should guide our footsteps as political animals."

The framework of society which we are to aim at as ultimately desirable is not complicated. Its essential features are these : the whole community would be organized locally and nationally in organizations similar to those of the Co-operative Movement to-day ; the community, thus organized, would own all land required for agricultural purposes, all factories, and the instruments of production ; it would, therefore, retain in its own hands a monopoly of *industrial* production ; every member of the community would be required to contribute an equal share towards the work of industrial production and would receive the right to an equal share of the products and services.

The first point to be noted is one which has already been partly dealt with. The co-operative commonwealth will be concerned only with industry and the production and distribution of industrial products and services. Everything, in my opinion, turns upon society realizing and making provision for the distinction between industrial activities and products and other activities and products. Three-quarters of the social and economic evils in existing society are due, as I have shown, to a false view and valuation of industrial production and products. But the same confusion reappears in the writings of nearly all socialists. Guild socialists, for instance, with whom, as the next chapter will show, I am up to a point in agreement, vitiate their ultimate aims by accepting this confusion from the existing psychology of production. Mr. Cole nowhere seems to realize the enormous difference in values between different activities and different products, and he therefore contemplates with equanimity the growth of a society which treats the teacher, the professional man, the scientist, the miner, and the writer all exactly the same. Give them, says Mr. Cole, control through the Guild over the conditions of their productive activities, and all will be well. This assumes that a man ought to be able to find satisfaction in devoting his life to coal mining or adding up figures or writing articles or performing one or two mechanical movements in conjunction with a machine. I deny this absolutely, and I deny that the activities involved in such work are comparable in value or in interest or pleasurable-ness with those of teaching, of medicine and surgery, of art and literature, of acting, of cultivating one's garden, or of playing cricket. I deny that any society would have

the right to call itself civilized in which large masses of the population contentedly found their "avocations" in such industrial activities, which made no distinction between products, and which, therefore, organized itself on a basis of production. It may be that we have so tangled ourselves up in the irrational organization and psychology of industrialism that we shall never succeed in breaking free from the tyranny of machines and of our own beliefs and desires, and that, therefore, the best that we can hope for is a society in which the majority of people find their main occupation in the drudgery which we call work and in the organization of a Guild for the democratic control of this drudgery. I do not believe that this is the case, but, if it be, let us cease to pretend that the ideals of socialism are attainable or that man is capable of creating a civilized society.

In the socialist co-operative commonwealth industrial production would be a monopoly of the community organized as consumers in local units, which would be developments of the existing co-operative store or society, and in a national body, which would be a development of the Wholesale Society. Industry would primarily be confined to the production of houses and furniture, clothing, food, articles of obvious utility, and transport. The main object of such a society should be to reduce industrial production to a minimum, and yet by efficient organization to produce a high standard of material comfort. Many people, I am aware, will say at once that the whole idea is impossibly utopian. I cannot, of course, prove that it is workable; all I can do is to show what conditions would be necessary if it is to work, and why those conditions are not necessarily unattainable.

The real difficulty in a socialist society, and indeed in every society, is to establish a rational correlation between production and consumption, between demand and supply. The difficulty is enormously increased where, as has happened in our world, society and its whole organization have encouraged an irrational correlation and a false and vicious standard of values in consumption. Where a man produces what he consumes there tends to be what I call a rational correlation between production and consumption and a true standard of values applied to material products. A Robinson Crusoe, having himself to supply the physical labour necessary for the production of what are now industrial products, will consider primarily their relative utility; he will aim at so using his labour as to produce the greatest possible quantity of the simplest and most useful commodities. The nearer production is kept to consumption, i.e., in the more primitive forms of society, the more likely it is that this correlation and standard will obtain; and the more complicated the organization of society becomes, the more danger there is that they will cease to be operative. Capitalism, as we saw, has deliberately encouraged a different correlation and standard based upon profit. Utilizing the separation between consumption and production, between the consumer and producer, which results from the division of labour, it has developed a most elaborate and efficient system for stimulating a demand for commodities which can be sold at a profit. Capitalism has so debauched and debased our taste for material commodities that one of the hardest tasks before the socialist will be to establish a correlation between consumption and industrial production based upon simplicity and utility.

I believe the early co-operators were dimly conscious of this difficulty and dimly saw the only possible solution of it, when they maintained that in the co-operative commonwealth every consumer should take his share in the work of producing material commodities. Given the existing psychology of production and consumption, if there is any class which does not contribute to the labour of industrial production, there will always be a danger that such production is not reduced to the minimum compatible with comfort, and that the class that produces will be exploited by the class which consumes but does not produce. It was a recognition of this which led the early co-operators to put forward their ideal of a Co-operative Commonwealth in which the principles of communism were applied both to consumption and to production. The simplest form of this faith is to be found in those small self-contained and self-supporting communities which Owen and his followers vainly attempted to establish. Every member of such a community was to perform an equal share in the work required for the support of the community and would receive an equal share of the products. The attempt failed, because in the industrialized society of Western Europe the small self-supporting community is an impossible anachronism, but the principle and ideal of these pioneers were sound. Socialism and communism are not attainable unless there is a direct and personal correlation between production and consumption (of the necessities of life), a personal identification of the producer and consumer.

The difficulty is, of course, to find in a highly organized and industrialized society any correlation or any personal identification which will really affect

the psychology of either consumption or production. To lay it down merely that everyone must perform a share of industrial production before he is allowed to consume his share of industrial products is not enough. The division of labour is now so minute that any direct relation between any individual's production and consumption will always be extremely rare. The result is that to make every consumer a producer will not necessarily establish any direct relation between the psychology of an individual as consumer with his psychology as producer. It is here, in my opinion, that the Russian Communists have made a mistake. They are right in laying down as a principle of communism that every consumer must also be a producer, but unconsciously they accept the capitalist psychology of production. They organize society in such a way that in effect every consumer has to "work," but the basis of their organization is production or work, not consumption. Russia to-day is organized for "work" or production, and you have a highly centralized system of government in which everyone is set to produce what the Central Government, the apex of the organized producers, considers ought to be produced. It is true that the productive capacity of the community may ultimately in this way be increased and that a juster equilibrium between consumption and production is established over the whole community—a very important achievement. But what commodities shall be produced, and in what quantities, is decided by a bureaucracy. In Russia at the moment that bureaucracy is in effect responsible to no one, and there is considerable evidence to show that it has accepted the capitalist psychology of production in so far as it aims at industrializing

Russia. In this industrialization its ideal is industrial efficiency in the capitalist sense. The speeches and writings of Russian Bolsheviks show no sign that they have got beyond the point of judging production by the standard of quantity, or of accepting it as right and natural that the best which great masses of human beings can hope for is to spend eight hours of their day all their life long labouring in factories. It may, of course, be argued that this outlook is temporary, the result of the blockade and the attacks by capitalist Governments or of the Bolshevik autocracy. But even if Russia had peace and the Soviet system were really in operation, the control of industry would be in the hands of a bureaucracy and executive answerable only to organized producers, and the Government and system would therefore reflect the views, not of consumers, but of the strongest bodies of producers. There would be no direct relation between the demand of the individual and community as consumers and the labour of the individual and community as producers.

The question which the socialist ought to face is whether it is possible to establish such a correlation between consumption and production both in the machinery and psychology of society. It is quite clear that it cannot be established fully and directly in the individual, because under modern conditions no individual will produce what he consumes or consume what he produces. The only way, therefore, in which the correlation could establish itself would be as a reaction upon the individual through the organization of industry. I believe that it is possible, though I admit that it would be very difficult, to achieve this through the Co-operative Commonwealth. In order to

explain this I must endeavour to put the working of this Commonwealth, as I conceive it, in a somewhat more concrete form before the reader.

The reader must imagine the whole industrial system of the country transferred to the control of the consumers, organized on the model of the existing Co-operative Movement. Every individual would be a member of his local unit or society, and the machinery of the movement, as I have explained in my book, *Co-operation and the Future of Industry*, makes it possible for full democratic control over industry to be exercised, provided only that the democratic spirit exists in the community. Every individual would be required to contribute an approximately equal share of labour necessary for production and would be entitled to an equal share in the products. There would be no great difficulty in adapting the machinery of co-operative industry to the task of estimating the amount of labour required and of apportioning it. The task would be nothing like so difficult as that now performed by a vast capitalist trust in estimating the demand and organizing production to meet that demand. The whole co-operative system makes for an easy and rapid translation of the consumer's demand to the centres of industrial production, and its principle is that demand should create supply rather than supply create demand. It is not, therefore, fantastic to assume that the national body in the Co-operative Commonwealth, answering to what is now the C.W.S. in the Co-operative Movement, could estimate the amount of commodities and services required for any particular year—and therefore the amount of industrial labour required—on the basis of the ascertained demand during the previous

year. Just as the demand for commodities and services was translated from the individual consumer up from the local unit or store, through the members' quarterly meeting, the elected Management Committee, to the national body, the national quarterly delegate meeting and the national C.W.S. directors, so the demand for labour to produce the commodities and services would be translated downwards from the C.W.S. directors and the delegates' quarterly meeting through the local unit to the individual consumer. The consumer who exercised his demand for commodities and services through his local society would thus find that in return his local society was demanding his labour for the production or provision of those commodities and services.

Have we in such a system the possibility of a direct correlation between this demand for products and the demand for labour? The answer must depend partly upon the working of the system and partly upon the motives which may reasonably be expected to operate under such a system. Let us first examine the motives which may be expected to operate. If the co-operative system were co-extensive with the industry of the country and were no longer struggling for existence in the middle of a society organized by and for capitalism, every motive for profit-making, both in the rank and file of the community and in its executives, would be eliminated. Every individual would be called upon by his society to contribute so much labour per annum, and he would receive from his society a credit, representing an equal share of the commodities and services, against which he could purchase commodities and services during the year. The dividend upon purchase would be paid to him.

just as it is now in the Co-operative Movement, so that each consumer would obtain those commodities which he chose to consume, as his share of the community's income, at a price which answered to cost of production. The possibility of profit-making would be eliminated and therefore the motive would decay and die out. As a consumer, there would be a strong impulse in the individual to use his power, as a member of his local society, to get the society to supply what he wanted to consume. This impulse would be enormously stronger than it is in the Movement to-day. To-day the co-operator who cannot get exactly what he wants at his store can always go and try to get it at the shop next door. But in the Co-operative Commonwealth there would be no capitalist shop round the corner; if the consumer could not get what he wanted at a store, he would not be able to get it at all. There would, therefore, be a very strong motive for the members to insist upon the store supplying what they required. This is exactly what is desirable, a real and active control by the consumers over industrial production. Under such a system the local or national executive which did not supply a commodity, demanded by any large local or national section of the consumers, would very soon find itself turned out and a new executive elected with a mandate to produce that commodity. At the same time the fact that the consumer received his share of the communal income in the form of a money credit against which he could purchase commodities and services would ensure that the individual possessed the widest possible liberty of exercising individual taste in his consumption, and that the influence of individual demand across the shop counter was

retained under this co-operative system. There would be no reason why the consumer should be confined to purchasing only from the store in his locality; convenience would ensure that the staple commodities of household consumption were, as they are to-day, obtained locally, but if a man living in Kensington found that he preferred the ties supplied in Peckham, or a lady living in Peckham found that she preferred the dresses supplied in Mayfair, there is no reason why these consumers should not carry their credit notes to Peckham and Mayfair respectively and make their purchase there.

Thus this system would ensure that the main impulse and principle in the production of industrial commodities and the provision of services was the demand issuing from the community for such commodities and services as they wanted to consume or use. It would encourage the exercise of individual and communal demand and retain even the very real pleasure of private shopping, but it would give no place or opportunity for the stimulation of demand from the centre or by individuals who would profit privately from the stimulation of such a demand. The question now has to be considered whether there would also be a reaction upon the demand from the organization and sphere of production, which would work in such a way as to confine the demand to products and services of obvious utility. I do not believe that this would happen if there were a sudden and cataclysmic transition from the society of to-day to the society of the Co-operative Commonwealth. We are so accustomed to a society composed of exploiters and exploited, our minds are so warped by the existing psychology of production, our taste so corrupted by

a century of scientific capitalistic advertizing, that we should not find in ourselves or in others those social beliefs and desires corresponding to the framework of the fully developed socialist or co-operative society which I have sketched. But if the transition were made gradually, say in one or two generations, so that the crude elements of capitalist psychology were eliminated, then, I think, this method of industrial production and distribution would itself allow and encourage a correlation between industrial production and consumption.

We have seen that there is reason to believe that the co-operative system, developed and universalized, would make one of the main causes of industrial production the demand for goods and services by the consumers. The ideal society would be one in which this demand was only for commodities and services strictly useful, so that industry produced a high standard of material comfort combined with simplicity, and the community and individual were free to devote the greater part of their time and energy to activities other than those of industry. Would there be any motives acting under the system proposed by me which might be expected to make for such conditions? I think there would. The individual would stand in a two-fold relationship to the co-operative industrial organization. As a consumer, he would be a member of his local society, would obtain all the necessaries of life from it, and would in conjunction with other members of his local community exercise in the quarterly meeting a power of determining what products should be produced for him to use or consume. The aggregate of these individual and local communal demands would determine the

aggregate of goods and services which were produced in the whole community, and, therefore, the amount of industrial labour necessary in the whole community. The individual who had exercised his demand as a consumer in his local society would also find that he stood in the relation of producer to that society, and that through it he was called upon to contribute his share to the aggregate of communal labour. In every act of his as a member of this industrial organization, whether in electing the executive or demanding some commodity or service, this two-fold relationship would be brought home to him. And it would be brought home to him in the only way which ensures that the individual will take an active interest in, and exercise his right to a share in, democratic control of a complex organization, namely, by affecting him personally and vitally in each relationship.

How this would happen may be shown by considering the actual working of the Co-operative Movement to-day. The relationship of the co-operator to his Movement is, of course, to-day not dual, he is merely a consumer, and, even as a consumer, he is not vitally affected by its operations as he would be if it were co-extensive with the whole of the country's industry. Yet again and again at the quarterly meetings of local societies and of the Wholesale Society you can see the consumers' demand brought to bear upon the executive, and the executive forcing the consumer to consider his demand in relation to factors in production. At a quarterly meeting of a local society you may find the members pressing the Management Committee to provide goods of different or better quality, to start a bakery or milk supply, or to open a new branch store; at the C.W.S. delegates' meetings

you may find the delegates of societies making the same kind of demands upon the Directors. The Management Committee or Directors will either comply with these demands, or, perhaps, they will reply to the members or delegates : " We are aware of this demand and we realize the desirability of meeting it, but members must understand that the following difficulties or disadvantages attach to the production of this commodity . . ." The decision then rests in the hands of the members ; if the demand is sufficiently keen and widespread and they consider that there is a balance of advantage in producing the commodity, they can by a vote instruct their executives to start production.

In a fully developed socialist co-operative system of industry the same process would take place, but far more effectively. If any considerable body of consumers in a locality were dissatisfied with any commodity or service, or demanded a commodity or service not supplied to them, the demand would be raised at the quarterly meeting of the local society, and, if the demand were at all extensive and applied to goods or services not supplied locally, instructions would be given to delegates to raise the question at the C.W.S. meetings. The demand might be capable of satisfaction without adding to the labour of the community, through a slight reorganization of industry or a diversion of labour from the production of one kind of article to that of another. In such a case the executives would have no motive or reason for refusing the demand. But the executives might find that, if they satisfied this demand, they would have to call upon the community for an increased quantity of labour. An increase in labour would affect everyone

in the community, while the non-supply of a particular commodity or service would, in most cases, affect only a portion of the community. An executive would, therefore, always feel that its popularity depended even more upon keeping down the quantity of labour demanded from the community than upon the satisfaction of its demands for commodities. The executive, in order to protect itself, would therefore say to the delegates or members: "We can supply this commodity or service if you persist in demanding it. But you or your constituents must understand clearly that, if we do supply it in the coming year, it will entail an increase of approximately so many hours labour for every member of the community. Before we take any steps involving such an increase of labour, we should like to have a mandate from members or societies." The individual would then be forced to consider the relation of his demand for a commodity or service to the amount of labour involved in its production and supply. If the commodity were really and widely desired, and if the increase in labour necessary for its production were not excessive, the consumer's demand would almost certainly prevail; but if these conditions were not fulfilled the producer's view would win and the commodity would not be supplied.

We have here, I submit, the kind of personal correlation between consumption and production, a balancing in the individual's mind between the utility of a product and the labour cost of production, which must be the foundation of any socialist industrial system. It is a direct result of basing industrial organization upon the organized consumers and of then applying the principles of communistic production

through the machinery of communistic consumption.

There are certain obvious objections and questions with regard to the system sketched here which must now be considered. Objectors will naturally first raise the question whether such a system would be capable of producing efficiently. The acute reader will have gathered from the previous chapters that personally I would demand from one point of view much more, and from another point of view, much less, from an industrial system than capitalists or the majority of socialists. If by efficient production is meant the production of the vast mass of commodities and services produced under capitalist industry, then I believe and hope that the Co-operative Commonwealth would be inefficient. But if by an efficient industrial system is meant a system which tends continually to reduce industrial labour to a minimum and yet produces a high, if simple, standard of material comfort and convenience, then I believe that the Co-operative Commonwealth would be efficient.

What socialism should aim at is a state of society in which every individual contributes an equal share of labour to industrial production, and yet the amount of labour demanded is such that no individual finds his "occupation" in industrial production. I should consider a socialist society efficient if it required every individual to devote the equivalent of three months to industrial production, and left him nine months out of twelve free to devote himself to other activities. The question is whether our socialist co-operative system might reasonably be expected to achieve this and yet to produce a high standard of comfort. An answer is not capable of absolute proof; all that I can do is to give some reasons for answering the

question affirmatively. The wastefulness and inefficiency of capitalist industry are obvious. If all the labour devoted to inducing a demand for commodities which can be produced profitably were devoted to the production of food, clothing, housing, etc.; if the suppression of individual monopoly and vested interest allowed full use to be made of electric power, transport, etc.; if local and national organization of industry were directed not to profit-making, but to labour-saving and efficiency, there would be an immense saving in labour without any alteration in the standard of comfort. Further, a very great saving would be effected as soon as industry was confined to the production of simple and useful commodities. The terms are, of course, relative; but it is obvious that to-day industry attempts to supply things which are not merely useful and simple, but elaborate and beautiful and luxurious. That it is desirable that such things should be produced in a community, I admit; but I deny that they ought to be, or probably can be, produced by industry. Nearly everyone agrees that the standard of artistic production and of artistic taste has degenerated enormously since art was industrialized, and the failure of industry to produce beautiful things goes to prove that it is not adapted to such production.

I would ask the reader, before he rejects my contention, to look at the whole question in the following way. Let him consider first the standard of material comfort in Europe in 1750 as compared with that of to-day; let him then consider the potential productive power and the amount of human labour required in hand-weaving and large-scale textile machine industry respectively, in boot making in 1750

and a boot factory in Leicester to-day, in a kneading machine in a modern bakery and the process of kneading a loaf by hand, in ploughing and reaping and threshing in 1750 and the work of the tractor plough, the reaping machine, and threshing machine of to-day. Is the rise in the general standard of comfort, after making allowance for the increase in population, comparable to the increased power of production which machines have given to human beings? It is no exaggeration to say that a man working for one hour to-day can produce as much housing, furniture, food, or clothing as in 1750 he could produce by working 100 hours, and in many cases his productive powers must have been increased not a hundred-fold, but thousands-fold. Yet this enormous increase in potential efficiency is not reflected in the standard of life and leisure of the majority of the population. This lamentable failure is due partly to the wasteful inefficiency of industry organized on a basis of competition for private profit, partly to the debased standard in consumption which is fostered by gross inequality in the distribution of wealth, and partly to the system of advertisement which is a direct consequence of organizing production not for use, but for profit-making. And now let the reader imagine the whole of this potential productive and labour-saving power directed to a single end, namely, the supply of goods and services of general utility at a minimum expenditure of human labour. I cannot believe that it is optimistic to hold that, given such conditions, the community could easily obtain a standard of life a hundred times higher than that of 1750 with one-fourth the expenditure of labour upon industrial production which we tolerate to-day.

The first impulse of many people will be to answer that the motive to efficiency which is so strong to-day will not operate under the system which I have sketched. My answer is that it depends entirely upon what is meant by efficiency. Industry to-day is extremely efficient in producing things which can be sold at a profit and at inducing the majority to buy things which the minority sells at a profit; it has failed absolutely to produce things which will both raise the general standard of comfort and reduce the aggregate volume of human labour. But under our socialist co-operative system there would always be powerful motives operating to create the latter kind of efficiency. Let us take a concrete example. Suppose a demand from the consumers for some commodity or service pressed upon the C.W.S. at a delegate meeting, and a reply from the directors that it would be quite possible to supply it, but that it would entail so many hours extra labour per individual. In such a case, if it were possible by a reorganization of industry on more efficient lines to supply the commodity or service without increasing the amount of labour, there would immediately arise an agitation for the reorganization, for everyone would gain and no one would lose by the adoption of the more efficient method. The demand would probably originate from those members of the community who were actually engaged in producing the commodity and were familiar with the conditions of production, and, once the possibility of more economical and efficient production were proved, the demand for reorganization would be irresistible. Take, for instance, the obviously immense possibilities of increased efficiency and of labour saving in the centralization of electric power

to be applied to industry. Whether such possibilities are exploited to-day depends almost entirely upon the question of reconciling the private interests of a few capitalists and companies, and efficiency is sacrificed, because, though it would pay the community, vested interests would suffer and the profits of a minority might decline. Under the socialist co-operative system the demand for this reorganization would be irresistible, because not a single member of the community would lose and every member would gain by an increase in efficiency of production. Under such a system there would, in fact, be from every side and continually a strong demand for efficiency, efficiency in the sense of the greatest possible reduction of the human effort involved in industrial production. And since no class or individual in the whole community would have anything to gain, would, in fact, lose, by resisting this demand, we might legitimately expect to see an increase of this kind of efficiency which to-day would be inconceivable.

The great revolutions in human history have come from small and often obscure causes which have helped to channel the motives, desires, and beliefs of vast numbers of people in a given direction. The motive of profit-making has probably always existed in human beings, but the discovery that steam would move a steel rod backwards and forwards led directly to the channelling of this motive until it became the most universal and perhaps the strongest of all the streams in individual and social psychology. Affection for the locality where one has been born or where one lives, and the ties of a common language, tradition, and life, have for many hundreds of years been part of the psychology of most human beings; then

obscure historical causes connected with the cutting off of a king's head by the proletariat of Paris led quite suddenly to the channelling of these feelings, beliefs, and aspirations, until vast masses of men, all moved now by the same motives and aims, were swept along by the great current of modern nationalism to overturn thrones and States and Governments and boundaries, to free themselves and enslave other people, to attain inconceivable heights of heroism and self-sacrifice and inconceivable depths of barbarity and savagery, to slaughter one another by millions, and, in the name of nationality and civilization, to destroy the national civilization of Europe. So, too, the channelling of those common beliefs and motives which constitute the demand of the consumer and the psychology of the industrial producer, so that they would all act in the direction of industrial efficiency, would probably revolutionize society by increasing production and reducing the human effort required in production.

What standard of material comfort would be produced by industry organized on these communal lines, and with all the interests of both consumer and producer making for industrial efficiency, must be a matter of conjecture. I am quite willing to put it low, as low as the standard which now exists in the most advanced industrial community. I have argued and assumed in these pages that industry will be confined to the production of useful commodities and services. And at first the whole tendency of the system would make for limiting industry to the production of necessities and necessary luxuries, because the industrial machinery, when first taken over by the Co-operative Commonwealth, would still

be organized, not for the efficient production of things required by the community, but for the production of things which can be sold at a profit. The amount of labour demanded from the individual would therefore in the first years be high, and the return in commodities and services low, and this would make for a demand from the community for a decrease in labour and a simpler standard of consumption. Many people will consider this to be an objection; to me it seems an immense merit. The demand would show itself concretely as a demand that labour should be reduced by the simplification of production. We should then probably eat simpler food, wear simpler clothes, live in simpler houses, and use simpler furniture. I do not believe that we should be any the less comfortable, and I am sure that our cities and houses and homes would be infinitely more beautiful than they are to-day. The things which we used, from our chairs and door-knockers and mantel-pieces to our watches and electric torches and knives and forks, would be made simply and solely with a view to use; all the elaborate and hideous traditional ornamentation, which you can observe, if you like, in the mantel-piece, fire-place, and coal-scuttle in your own room, would disappear. Let the man who reads this compare the articles which I have just mentioned with the spade and rake which he uses in his back garden: the garden tools are, by convention, made only for use; their shape is extraordinarily traditional, but the tradition is solely that of simplicity and use. The shape and ornamentation of the mantel-piece, etc., are also conventional, but the convention is here not that it shall be made solely for use, but that it shall "look nice" in the room. And now I would ask anyone

to try and look at a mantel-piece and a spade as if he had never seen either of them before, as if he had never learnt that elaborate black scrolls and circles and leaves, and wood carved into patterns, and a tile with a blue ship on it, were necessarily beautiful; if he does this, I think he will allow that a spade or a rake or a garden fork has a satisfactoriness and beauty of its own which can compare very favourably with the elaborately ornamented poker or coal-scuttle or mantel-piece. And the saving of labour in simplicity, as compared with ornamentation, can be estimated from the relative cheapness of the simple agricultural implement, designed solely for use, as compared with the elaborately ornamented shovel, poker, and tongs which disfigure our hearths.

In order to avoid misunderstanding, I may say that I do not believe or advocate what many people mean by "the simple life." The more comfortable people are, the happier and better they are, and neither simplicity nor discomfort has any merit in itself. I should prefer to see the whole world dressed in silks and satins than in sack-cloth; but on the other hand, a world in which everyone had to dress in broad-cloth would be a better place than one in which large numbers had to dress in sack-cloth in order that a few might have silks and satins. I see no reason, indeed, why a socialist co-operative system might not, by efficient organization of industry, in time produce a general standard of material comfort such as we should regard to-day as luxurious; but our taste, as consumers, is to-day so corrupted by commercialism, industrialism, and class-snobbery, that it could only be cured by a period during which conditions of production concentrated the efforts of producers and

consumers upon simplicity and utility in products. I do not believe, as I have said before, that even in the first years of a Co-operative Commonwealth the real standard of material comfort would be inferior to that of the present time. Nine-tenths of the commodities which people now consider necessary to their comfort will be found, upon examination, in no way to make them comfortable, and often positively to make them uncomfortable. They are really commodities which commercialism and industrialism have induced people to believe that they want to buy, and the motive for buying them is usually convention or class-snobbery. The houses of the rich and the innumerable unsightly objects which encumber them seem, indeed, designed to make their inhabitants uncomfortable but, at the same time, to make it unmistakable that their inhabitants are rich and belong to a certain class. In most houses the most comfortable room is the kitchen, and it is a significant fact that large numbers of people habitually live in their kitchens, though they keep a sitting room in which they receive visitors. The sitting room is the most expensively furnished room in the house and also the most uncomfortable, because it and its furniture are not designed for use, but in order to prove to the world that the inhabitants have a certain income and the ornaments and curtains which go with respectability.

The world would not lose much if industry in the Co-operative Commonwealth produced simpler and fewer commodities than it does to-day. In its early years conditions would tend to restrict production to those commodities and services which the community considered most useful. Utility and use would be the

main standards in industrial production. We should still manufacture industrially footballs, books, newspapers, electric torches, and bicycles, as well as food, clothes, and furniture, but we should no longer attempt to make any of these things beautiful. I have said, with some hesitation, in a previous chapter that I believe that industrial production is probably unsuitable for producing beautiful objects or objects good in themselves. It is obvious that the statement is true, given the existing psychology of production and consumption. That is why it seems to me important that in the early years of the socialist co-operative system industry should be applied only to the production of articles which are useful, and that no attempt should be made to make them beautiful. The principal aim of the community would be to produce industrially a large number or great quantities of commodities of practical utility, and at the same time to reduce the amount of industrial labour required from the community. This, however, would not mean that there would be no production of beautiful things; they would certainly be produced, only they would not be produced by industry. If every individual had nine months of the year free of "work," and if he had assured for himself, by his three months' work, a sufficiency of food, clothing, housing, and material comforts, large numbers of persons would undoubtedly feel an impulse to spend some part of their free time in producing things which were not useful to meet their own and other people's demand. Art, literature, music, science, learning, the drama, recreations, would thus be completely divorced from industrialism and commercialism, and, since for the first time in the world's history the whole

community would have the leisure necessary for their development and enjoyment, one might look for an outburst of scientific and artistic activity, and a concentration of effort upon activities which make for a humane and pleasurable existence, such as the ferocious human herd has never previously known.

I do not pretend to be able, nor do I wish, to lay down exactly the lines upon which such a socialist co-operative society must develop. What I maintain is that the growth of a vicious communal psychology of production and consumption makes essential a period during which there will be a complete divorce between the productive industrial activities and other activities of the community. As I conceive it, the community during that period would be organized co-operatively, in the manner sketched in the previous pages, for the production of material commodities and the services necessary for a comfortable existence. The vast mass of the population would for the first time find itself released from the struggle for bare existence, and the motive of economic competition, which is not a necessary or natural ingredient in human society, would gradually fade out. And at the same time that the masses found themselves freed from this economic struggle and assured the necessities of a comfortable material existence, they would also obtain an enormous increase in leisure. It is, of course, possible that that leisure would be misused. It is possible that the community would still demand the production of hideous and useless objects and would spend its leisure in their production; it is possible that it would spend its leisure in drink and in debauchery. But there is no real ground for such pessimism. If the conditions which now create the

motives of the economic struggle for existence, of economic competition and profit-making, of class-snobbery, were removed, I believe that there would immediately arise an enormous demand for and supply of those things which make for a humane communal life. After all, even to-day most people, when they get a little leisure, spend it in pursuing a hobby, in going to a play or cinema, in playing or watching games, in reading, in educating themselves, or merely in enjoying themselves. It is the class structure of modern society and the pressure of the economic war and competition which are the great enemies of individual development in these non-economic activities. The abolition of this class structure and economic war would give the individual free scope for the development of these activities. There would, I believe, be an enormous demand for education, for books, plays, cinemas, games and sports, music, etc. Voluntary associations on a non-economic basis for a supply of these things would spring up, just as to-day among the small class which has leisure voluntary associations are continually coming into existence, not for the purpose of making money, but to supply the demand for lawn tennis or discussion or dancing or scientific research or private theatricals or horticulture.

The institution of this system would, for the reasons which I have indicated, produce a profound change in the individual and communal psychology of production and consumption. The change would be so profound that it would be foolish to speculate upon its ultimate effects in society. One conjecture may however be allowed. Once the system were fully developed it would make for a great increase in industrial efficiency and would encourage in the

community a very high standard of values in consumption. The interaction of these two conditions might eventually make society ripe for a further social revolution. The time might come when scientific discovery and organization rendered industry so efficient that the production of the material basis for comfortable existence made only a negligible demand upon the time and labour of the individuals who are comprised in the community. At the same time the sense of values or the taste of the community, its power of distinguishing the useful from the useless, the beautiful from the ugly, the good from the bad, would have become extraordinarily active and delicate compared to what they are to-day. A civilized community of that kind might be able to apply industry to the production of commodities other than the necessities of life by methods and in forms which we, with our false standards and perverted taste, could not even dimly imagine. But it is as useless for us to speculate about the future of a civilized man as it would have been for our ape-like ancestor in primeval forests to speculate as to the future of his uncivilized human descendant.

Two other points, which will probably have arisen as objections to these speculations in the minds of many readers, remain to be dealt with. The first is a question of the organization of labour under this socialist co-operative system. Many people will object to any system which rests ultimately upon compulsion, and I agree that compulsion is always an evil. But, with the existing social psychology, no social system is conceivable which would not somewhere contain an element of compulsion, either direct or indirect. The whole machinery of the existing capitalist society is

so arranged as to compel the majority of the population to work at a particular trade for a given wage by the threat of starvation. Direct compulsion by the State, in the shape of legal enactments against combination on the part of the workers and laws like the Emergency Powers Act, has been in the past and is to-day being applied wherever possible. But no socialist system which has been devised as a practical alternative to capitalism really dispenses with an element of compulsion. The Russian communists immediately adopted and applied a system of direct and indirect compulsion. A Guild Socialist society would rest ultimately upon the kind of indirect compulsion which exists to-day, for the vast mass of the population, if it did not join and labour in some Guild, would just be starved to death. The question whether this kind of indirect starvation compulsion or direct legal compulsion is preferable, is, I find, very difficult to answer. When in the year before the Russian revolution I wrote *Co-operation and the Future of Industry*, I was inclined to believe that it would be better to give to the economic organization of society a legal power to call upon the individual to perform his share of industrial production. Since then many different events have shown the danger of concentrating legal powers of compulsion in any part of an organized community, and I feel far less inclined to dogmatize to-day than I did in 1917. The matter is, however, of no very great importance, for the socialist co-operative system would work with or without direct compulsion. In the first case, the community of consumers, having received a legal monopoly of industrial production, would also receive legal powers to call upon each member of the community to perform

an equal share of labour in that production, and each individual would then obtain a right to an equal share in the products. But, as a matter of fact, if the community of organized consumers retained in its hands the monopoly of industrial production and made the right to a share in the products contingent upon the performance of labour, the use of direct legal compulsion would be unnecessary. The same sort of starvation compulsion, which exists to-day and would exist under Guild Socialism, would also operate in this case. The individual who refused to answer the call of the community to perform his share of production would find himself debarred from any share, as a consumer, in the products of industry. A very few persons might, by cunning or fraud, take advantage of this system and escape their obligations, but the need for food and clothing, and all the other necessities of life, would indirectly compel the vast majority to fulfil their obligations.

The second objection is one which has often been raised against those who look to co-operation as a real alternative to the capitalist system. The field of industry, it is said, in which the Co-operative Movement has proved successful is extremely limited; it has succeeded hitherto only in those departments of industry which supply the demand for commodities "of personal or domestic consumption"; it has not proved itself capable of extending its operations to the major industries, to those industries, e.g., mining or machine making, which supply commodities not to the individual consumer, but to other industries, or to transport; and it is argued or assumed that these limitations are inherent in the co-operative system. I have dealt, in *Co-operation and the Future of*

Industry, with this objection and with the possibilities of extension in the Co-operative Movement; I do not propose to repeat here what I wrote in that book, but only to supplement it. The view that co-operation is incapable or unsuitable of application to the whole field of industrial production, though desirable and possible in a limited field, seems to me to be due to misunderstanding and confusion. Both Mr. Cole and Mr. and Mrs. Webb, who tend to take this view, confuse the existing Movement with the system of co-operative industry. The Movement, as it exists to-day, is an organization of the economically weak elements in society who are in revolt against the tyranny of the strongest elements, the capitalists, and their whole system. It is competing against the capitalist system on ground chosen by the capitalist whom it found already in possession. You cannot assume that a limitation in the operations of the existing Movement is due to something inherent in the co-operative system; it may simply be due to the weakness of its economic position in the centre of a capitalist system. Again, it may be true that merely by competing against the capitalist on his own ground the co-operators will never, because of the weak economic position from which they started, be able to oust the capitalist from the whole field of industry. But no Guild Socialist, like Mr. Cole, or State and Municipal Socialists, like Mr. and Mrs. Webb, believe that either Guild Socialism or State Socialism could be successfully established over the whole field of industry by allowing these systems to compete with the capitalist system on its own ground. Mr. Cole looks to a revolution or to legislation to give a monopoly of industrial production to the Guilds, and

Mr. and Mrs. Webb would give a legal monopoly to the State or the Municipality. So, too, with the co-operative system; what we have to ask ourselves is whether that system is the best for controlling industry and is capable of application to the whole of industry, and, if we answer the question affirmatively, then we should adopt every possible method, including legislation, of placing the whole of industry in the hands of the community of consumers organized on the co-operative system.

This book has argued so far that the co-operative is the most rational system for the control of industry, but I still have to answer the question whether it is capable of application to every department of industry. With regard to this I must confine myself to asking the reader to consider the following points. The co-operative system, about which we are talking, is a method of organizing the community, in their capacity of consumers, in local units or societies, and of federating those local units in national bodies. The ownership of the instruments of production and the control of industry are then vested in these organs and so in the community. The individuals, organized in their units, elect representatives or executives to carry on, under their general control, the day-to-day management of industry. The essential feature of this system is that the individual is organized solely as a consumer of industrial commodities or of services, and that the dividend on purchase eliminates the possibility of profit-making by one class at the expense of another. We know that this system works: it is working to-day distributively or locally in the store, and nationally in the large-scale distribution and production of the Wholesale Societies. No one has

ever advanced any positive reason to show that such a system is not capable of indefinite extension to any and every form of industrial production, and, as a matter of fact, it is self-evident that it is capable.

Let us take, as an example, the case of the national railway service which, according to Mr. and Mrs. Webb, could not be controlled co-operatively, but could be controlled by the State. "The national railway service," they write, "could hardly be governed by the votes of the incoherent mob of passengers who pour out of the termini of our great cities; or the characteristic municipal services by any other membership than that of all the municipal electors." This passage shows a curious misconception of the whole problem of socialist, democratic, and co-operative control of industry. The first half of the sentence is not an argument against co-operative control of the transport industry; it merely points to a fact which indicates a general difficulty of applying democratic or socialistic control to any railway system. The users of railways are, in fact, the whole community, and the problem is to organize the community in such a way that it controls the railway system in the interests of the community of users. The co-operative system would organize the community, not as a mob of people issuing from a railway station—it does not organize its own members to-day as a mob of people issuing from the doors of a crowded store—but as a number of individual consumers residing in particular localities. That, too, is what a system of nationalization or municipalization attempts to do, but in a much more confused and inefficient manner. When you nationalize the railways, you take the mob of consumers (which issues from the

termini), divide them up into parliamentary constituencies, allow them to elect representatives, and place the administration of the railways in the hands of the elected representatives. That is precisely what the co-operative system would do; the only difference between the two systems would be that under nationalization the representatives are elected not specifically to represent the community of consumers and to administer industrial undertakings, but for every sort and kind of political, moral, and economic purpose which may fall within the purview of Parliament. The same is also true of municipalization.

In a fully developed socialist society, therefore, the railways, trams, and mines would be "nationalized" or "municipalized," but they would be handed over to the control, not of the political, parliamentary, or municipal organization, but to a co-operative national or municipal organization. Once more I do not wish to dogmatize as to details; I will merely hazard a guess as to the general outline of the organization. Parliament and the municipalities as we know them would remain, the national and local representative bodies of men and women in their general capacity of citizens. Their functions would be political and coordinative, in the strictest sense legislative. For that very reason they are and would be unsuited for the control of industry, for representing the interests of the community as consumers of industrial products and the users of industrial services. The function of controlling industry, whether of administering a railway service or of supplying bread, would be delegated to an organization or organizations, local and national, of consumers, established on the co-operative system. I have said "or organizations"

because it might in practice be found advisable to have a separate organization for the control of transport, power, etc., from that which controlled the production and distribution of other commodities ; but the point is not of any real importance. The really important point is that the individual, organized as a consumer in the locality where he lives, would elect representatives specifically for the economic purpose of providing the goods and services. It would be quite possible for the whole of industry to be controlled by a single consumers' organization, the division of labour being carried out within the organization itself. In that case the consumer would go to the quarterly meeting of his local consumers' unit (answering to the existing local society) and elect a local management committee or committees. He would elect on to that committee or committees representatives to control and manage the business of supplying the commodities required for his personal consumption, other representatives to control the tram and omnibus services, others again the national transport services or the lighting and heating services. The local units or consumers' organizations would be federated regionally and nationally, in accordance with the requirements of industrial organization, just as the co-operative societies of to-day are federated. Thus the railways would be managed by a national Board, composed of delegates from districts or regions and drawn from those members of local management committees who were specifically elected by the individual consumers to represent them as users of railways. So, too, the tramways and omnibus services of London would be managed by a Board, composed of delegates from the local consumers' units of the London area who had

been specifically elected to the local management committees to represent the individual consumers as users of local systems of communication.

This developed co-operative organization may appear to be complicated when described in general terms. It is, however, simple when compared to the existing system or to any of the alternatives proposed by socialists. Compare it, for instance, to the hopelessly confused and complicated organization under which we now live, with its thousands of joint stock companies, each of which is a little clique of capital-owning people who elect a management committee to control some corner of the field of industry in their own interests and against the interests of the rest of the community. Or compare it to the proposed system of the State socialist who would ask us, once in four or five or seven years, to go and elect a representative who is to represent us as a user of mines, railways, power, and an infinite number of other commodities, and also to continue to represent us for all the heterogeneous purposes for which we are now supposed to elect a Member of Parliament. Or compare it with the extraordinarily complicated system of Guild Socialism as described by a writer like Mr. Cole in his book, *Guild Socialism Restated*, in which there is an amazing pullulation of Guilds, Co-operative organizations, Collective Utilities Councils, Cultural Councils, Health Councils, Communes, and in which the "good life" of society and the individual is made to depend upon an infinite series of elections and upon the astonishing assumption that water-tight groups of producers, possessing an absolute monopoly in the various departments of industry, will suddenly shed

the psychology of capitalist production and accept that of social service.

The co-operative system is of universal applicability, because like the capitalist system, it is based upon a social philosophy. Its elasticity may be shown by one last example, and the reader will, perhaps, pardon me if I give it in the form of a personal reminiscence. About seven years ago the Fabian Research Department instituted an enquiry into "The Control of Industry," and the report on the possibilities of the Co-operative Movement was drafted by Mr. and Mrs. Webb. They argued confidently against the practicability of the co-operative system extending its operations to various parts of the field of industry, and among other limitations they mentioned that of international trade, holding that "the bulk of the production and dealing for export is beyond the range of the Co-operative Movement." The report was considered at a Fabian Summer School, and I was asked to open the discussion. I argued, as I have done in this book, that the co-operative system was applicable to the whole of industry, and was, in fact, the most practicable method of applying socialistic principles to international trade. I failed entirely to convince either the writers of the report or the other Fabians. But events have succeeded where I failed. In the following passage from Mr. and Mrs. Webb's last book, *A Constitution for the Socialist Commonwealth of Great Britain*, they show the feasibility of extending the co-operative system to international trade, using precisely the same arguments as those with which I failed to convince them in 1913 :

"The critics of the Co-operative Movement are always pointing out that the very origin and

purpose of Democracies of Consumers is production for use and not for exchange, and it is to this all-important characteristic that they owe alike their practical success and their theoretical justification. That being the case, is not the Co-operative Movement, or for that matter, any Democracy of Consumers, obligatory as well as voluntary, conclusively debarred from manufacturing and trading in goods to be bought and consumed not by their own members, but by non-members inhabiting other countries, and living under other governments? Recent developments have, however, discovered that Democracies of Consumers, far from being limited to the supply of their own members, may be found to be the one and only solution of international trade on Socialistic principles, independent either of the capitalist importer or exporter, or both of them. Thus the Co-operative Wholesale Societies of half a dozen European countries, besides themselves obtaining directly from abroad an increasing part of the supplies that they severally require, have begun to exchange with each other their surplus products or those for which they possess exceptional advantages. And during the Great War nearly all the Governments themselves acted as collectivist importers on a gigantic scale, purchasing abroad—often directly from other Governments—not only every kind of munitions, but also enormous quantities of metals, wool, cotton, wheat, meat and other requirements of their own people. To the extent to which either of these movements develops, the export trade of the world, conducted by capitalist merchants for private profit, will have been transformed essentially into

a reciprocal exchange of imports, conducted by paid agents of the consumers and citizens, to the exclusion of capitalist profit. There seems no reason why this demonstrably practicable 'collectivization of international trade'—in which the Co-operative Movement would play an ever-increasing part—should not become the predominant form between civilized communities. In a world in which all industry was socialized, all speculative exporting for private profit would cease: in its stead there would be reciprocal imports, organized by Democracies of Consumers for use instead of for exchange. And seeing that the Democracies of Consumers (whether they take the form of Co-operative Movements or of nationalized or municipalized industries) of one country might become constituent members of similar bodies in all other countries, there would cease to be any production for exchange or any 'profit on price.' The whole world would become one vast complicated network of associations of consumers, starting from different centres, penetrating continents and traversing oceans, without exploiting for private profit either the faculties or the needs of any section of the human race."

Human beings have achieved far more difficult feats of social organization than the establishment of a Co-operative Commonwealth of consumers, as sketched in these pages. I claim that such a Commonwealth would be practical, rational, human, and humane. But I am not so foolish as to believe that these are reasons for its establishment. One requires to read but little history in order to learn that in the mass man is neither rational nor human nor humane. Any-

one who has watched the habits of wild beasts in an Asiatic jungle knows that their communal life is infinitely more rational and humane than that of the human packs which have made their lairs in and around the jungles of London, Paris, and Berlin. In this book I am "advocating" nothing as rational or practicable. That is not what I conceive to be the function of the writer on human society, for, if it were, he would have to assume that men and women are influenced by reason. His function is not advocacy or persuasion, but scientific analysis. He is a scientist who has performed his task when he can say: "If you do this that will follow, and if you want to produce that you must first do this." And he will always remember that very few people will accept the facts which his science has proved, and that no one will act upon them.

CHAPTER V.

THE TRANSITION TO SOCIALISM.

In the previous chapter I attempted to arrive by analysis at the conditions which must exist if the ideals of socialism are to be attained and if a fully developed socialist society is to be a reality. The immediate problem before both the socialist and the co-operator is a practical one; it consists in finding the right methods of passing from the capitalist organization and psychology of the world in which we are living to the socialist organization and psychology of a Co-operative Commonwealth. The problems of this transition period will necessarily, in some respects, be different from those with which I was dealing in the last chapter. If we accept the conclusions of that chapter, we shall not attempt, perhaps, by a cataclysmic revolution, to break up the whole framework of our existing society and establish upon its ruins a brand new consumers' commonwealth; rather we shall seek the right means to develop the existing Co-operative Movement, to oust capitalist control from industry, to encourage the growth of that psychology of consumption and production without which it is hopeless to expect a civilized society. It would be possible to fill many pages with these practical speculations, but the object of this book is rather to establish broad principles than to enquire into the details of organization or political propaganda. I shall, therefore, in this chapter confine myself to

a very brief discussion of the main problems which confront the socialist and co-operator in the period of transition.

Our main purpose must be the transfer of the ownership of the instruments of industrial production and the control of industry from the capitalist and capitalist company to the community of consumers, organized co-operatively, in such a way that the transfer is accompanied by a growth of socialist psychology of production and consumption. The impetus to this transfer must, of course, come from the anti-capitalist classes, in other words, from the workers and the co-operators. The co-operator has two tasks before him, neither of which he has hitherto taken up with sufficient energy and seriousness. He has to work for the utmost possible extension of co-operative industry, with the explicit intention of converting his Movement into the instrument by which the community, organized as consumers, may control the whole of industry. He will, however, not succeed in this by his own unaided efforts, or if he does not throw off that parochialism which still clings to him and to his Movement. In other words, he must see that the rank and file of the Movement realize the ideals and principles of co-operation which I have examined in the previous pages; he must envisage his organization not as a little private property nor as a convenient savings bank, but as the embryo of a new world. And it is not enough that he should realize this himself, he must make other people realize it. He must go outside the circle of his quarterly meeting or education committee, and must enlist in his crusade for a new world all those forces which are in revolt against the economic anarchy of capitalism.

The Movement, if it understood its own principles and stood resolutely by them, ought to have the whole of Labour and Socialism solidly behind it. Nine-tenths of the population are more remorselessly exploited by the present system, as consumers, than they are as producers, and the real charge against capitalism is this exploitation of the community of consumers in the interests of a small minority.

The Movement has an opportunity which, if it be missed, will probably never occur again. The war has shaken not only the material foundations of the old economic system, but also the acquiescence of masses of men in the moral and mental assumptions upon which it was based. There has grown up a widespread, if vague, consciousness that there is something wrong in an industrial system which works elaborately to exploit the consumers, who are the whole community, in the interests of small minorities. The agitation against "profiteering" and the movement of public opinion which necessitated rationing in all countries were both symptoms of a revolt among consumers. The Co-operative Movement, with its four million members, alone stands to-day for the principle of a rational organization of industry on a basis of consumption or use. If its leaders display initiative and imagination, and if they have behind them the understanding and support of the rank and file, they have an opportunity of appealing successfully to masses of men and women to whom for the first time the shocks of the last six years have brought an active discontent with the irrational injustice and inefficiency of the existing system.

I do not propose to enter into details as to the methods by which an extension of co-operative

industry can be obtained. But co-operators and socialists must realize that there are two main methods. The Movement can expand by voluntary association as it has done in the past. Its success will depend very greatly upon propaganda of its principles and ideals. If there is any truth in the contentions of my previous chapters, the Movement ought to have the active assistance of the whole Labour and Socialist Movement in this propaganda, and, if that assistance were forthcoming, there ought to be a vast increase in the membership of the Movement and a rapid extension of industry organized co-operatively. But there are obvious limits upon such developments. The socialist must also consider an alternative method of development. I have argued throughout this book that the co-operative system implies, as its logical end, an organization of the whole community as consumers for the control of industry. Such an organization can be effected at any time by legislation. The whole or any part of industry can, if the community so desires, be transferred to the community organized as consumers on co-operative lines. It follows from everything which I have said in the previous pages that, in my opinion, the co-operator and socialist should take every opportunity to effect this transfer.

This immediately raises important practical questions for the socialist or even for a Labour Party. It raises, for instance, the whole question of the relations of co-operation and the Co-operative Movement to proposals for nationalization or municipalization. I have argued in the previous chapters that in a fully developed socialist commonwealth the control of mines or railways or the milk supply should not

be in the hands of the community organized politically (nationalization or municipalization), but in the hands of the community organized as the consumers of the products or services of those industries. But the socialist wishes to-day to transfer ownership and control in these industries to the community, and he wishes to do so by legislation, i.e., by giving to the organized community a legal monopoly in those industries. What is to be the immediate programme of a socialist or of a Labour Government? Are they to hand over these industries to the State or municipality, or are they to attempt to hand them over at once to organizations of consumers?

Most members of the Labour Party, the majority of socialists, and even many co-operators, would answer this question at once in favour of the State and municipality. Nationalization and municipalization are traditionally inscribed on the Labour programme and are now accepted automatically. But if the thesis of this book has any truth in it, that attitude requires careful revision. The objections to placing the control of industry in the hands of the political organs of State and municipality are just as cogent, or rather are more cogent, to-day than they would be in a fully developed socialist society. The individual acts and votes with regard to Parliament and the municipality not as a consumer of industrial commodities, but as a complex political animal. At certain stated intervals he goes to a polling booth and votes for a representative, not of himself as a consumer, but for all kinds and sorts of political motives and objects. Having voted, he has finished his political activities and surrendered his power of control until the next election. There is no quarterly meeting

of municipality or State to which the individual can go as a consumer and speak and vote and bring his demand as a consumer into direct relationship with the control of production. The complex organization of the State and municipality, however efficient it might be, can never result in an organization of industry on a basis of consumption or use, and, therefore, nationalization and municipalization will actually prevent the growth of that psychology of consumption and production which will alone make a transition to socialism possible. There are, too, to-day dangers in municipalization and nationalization which would not exist in a society in which industry had already been generally socialized. Most socialists in this country contemplate no sudden and complete expropriation of capitalism, but a gradual municipalization and nationalization. The principle of communal ownership and control is to be introduced piecemeal; a beginning is to be made by handing over the mines and railways to the State, and the milk supply and trams and omnibuses to the municipality, and after that we may, perhaps, go on to expropriate the bankers or shipowners. The danger of this method is that you hand over the control of small pieces of the industrial field to a machine and to political organs dominated by capitalists and the psychology of capitalism. To-morrow you may have a socialist Government which will nationalize the mines or a socialist Borough Council which may municipalize the milk supply; a year later, for no reason connected with industry, the socialist Government or Council may be turned out and capitalists and financiers sit in their places. Does any socialist, who knows the history of municipal graft and the part

which "interests" play in a capitalist Parliament, believe that under such circumstances these capitalists and financiers are going to administer the mines or milk supply according to those principles of socialism which we have examined in the preceding pages?

This question is already becoming an urgent and practical one. With a Labour majority in many municipalities, the socialist is actually considering the municipalization of, say, the milk supply. But to municipalize the milk supply means in many places actually to oust the co-operative system, for a considerable number of societies supply milk. It follows from everything that has been said in this book that in such cases a policy of municipalization is directly opposed to the principles and objects of socialism. Where a co-operative system is already applied to milk supply or any other branch of industry in a locality, and where it is capable of extension so as to supply the needs of all the consumers, the right course is to hand over, by legislation, the whole control of that industry to the consumers organized in the existing co-operative system. The proposal to hand over to a co-operative society the whole milk supply of a town will raise an outcry from capitalists, who will say that you are giving a monopoly to a section of the community. You would, of course, be doing nothing of the sort: every consumer of milk would, in so far as he was a consumer of milk, be a member of the society, of the organ of the whole community of consumers; as a member he would speak and vote at the quarterly meeting; and, since he would draw his dividend on his purchase of milk, no single person in that town would make a profit out of the milk supply. In other words, all that would have

happened would be that, so far as the milk supply of that town was concerned, a voluntary association would have developed, as in fact it has developed in Bale, into the organ of the whole community of organized consumers for the distribution of milk.

Wherever it is possible, the socialist, co-operator, or Labour Party should aim at a transfer of industry to the consumers' organization of the Movement rather than to the political organs of State and municipality. There remain, however, a large number of cases in which, at the present moment, the Movement is, or appears to be, not yet in a position to take over the industry. For instance, practically everyone, even the most convinced co-operator, would say that the Movement could not take over the mines. What, then, is to be the attitude of the socialist towards the mines? Is he to work for nationalization, for the transfer of this industry to the political organs of the State or to the joint control of State and workers? Most socialists answer this question unhesitatingly in the affirmative; they will condemn what I am going to say as chimerical, yet I would ask the reader, before joining in the condemnation, to consider my contentions with an open mind and in the light of my previous chapters.

I agree that nationalization in the ordinary sense, or joint control of the State or workers, or the kind of semi-socialization which has been applied to the mining industry in Germany, are all preferable to undiluted capitalism. A socialist should probably support any scheme of communal ownership and control as against the present system, not because it would work better or immediately produce a more socialistic society—it is doubtful whether it would—

but because any breach in the walls of capitalism will probably make the transition to a civilized society more easy. Anyone with eyes in his head can see that capitalist society is already dying of auto-intoxication, of the poisons of exploitation, injustice, and class hatred which it inevitably secretes in its own system. If it does not die a violent and sudden death it will sink slowly into a condition of corrupt and lethargic decay. If then it is only a question between private ownership and nationalization, I would always vote for nationalization. But the question can never be as simple and straight-cut as that. If a great industry like mining has to be transferred from private to communal ownership and control, it would always be necessary to create a considerable machinery and organization for its control. If you nationalize the mines to-morrow you have to create a public department, or what answers to a public department, to administer the mines; if you hand them over to the workers you have to create the organization of the Guild; if you do even the little that they have done in Germany you have to create your Coal Council of the Realm and your Coal Association of the Realm. Now it would be just as easy to create this organization on the lines of the co-operative system as on those which the State socialist or the Guild socialist recommends to us. It would, in fact, be easier to take the framework of the Co-operative Movement and adapt it to the control of the mining industry than to take the framework of the Miners' Federation or the Coal Controller's Office and adapt them.

It follows that the socialist, when he socializes any industry, should construct the machinery and organization for its control on the co-operative system. If

he cannot or will not use the organization of the existing Movement, he should group his consumers in local and regional organs, federate them for national purposes, apply the system of local and national elected representatives, adopt the dividend on purchase. His industry will then be controlled by the community organized as consumers.

The multiplication of organs and machinery of government in society is an evil, and to leave the Co-operative Movement as it is and to create new organizations of the community of consumers to take over particular industries would involve this kind of complication and multiplication. I should much rather see the Movement developed and transformed into the organ of the community for the control of industry. But, if this is to be the ultimate function of the Movement, co-operators must consider its relation to two big questions which are now confronting them. Both these questions were dealt with by me to some extent from this point of view in *Co-operation and the Future of Industry*, but events have moved since that book was written, and it is, therefore, necessary to revise one's views of three years ago.

The reader will have gathered that my conception of the Movement is that it is the whole community of consumers in embryo and that it should be our object to transform it as rapidly as possible into the organ of the whole community of consumers. It would be fatal to do anything to identify the Movement with any section or class in the community. The class structure of society and class war are antagonistic to the whole principle and ideal of co-operation : it aims at abolishing economic competition and therefore the class distinctions which depend upon that economic

competition. How does this affect the question of the Movement's entry into politics?

The Movement, as is well known, has already entered politics; there is a Co-operative Party financed by societies which runs candidates at elections and has already obtained some representation in the House of Commons; there are many ardent co-operators who would like to see societies and the Movement affiliated to the political Labour Party. The causes of this development were analyzed in my previous book, but, when I wrote it, although I saw and pointed out its possible dangers, I was inclined to accept it as inevitable. It is, I still think, probably inevitable. The Co-operative Movement is a non-capitalist industrial system in the midst of a capitalist system. The persecution of the Co-operative Movement during and since the war has opened the eyes of co-operators to the fact that capitalist interests are prepared, at the first opportunity, to use any powers which they may possess of controlling the law and the political machine to strike a blow at and, if possible, destroy the Movement. In these circumstances co-operators are necessarily driven to take the only course possible for their defence; if the capitalist strikes at them, as he is doing, through Parliament and the municipality, they must organize themselves politically and defend themselves in Parliament and the municipality. It is the old story of the trade unions over again: the capitalists struck at the unions through the law and thus drove trade unionists into politics. They are doing the same with the co-operators, and it is having precisely the same inevitable effects. And since the Movement is to-day a working-class movement, since its ideals are the ideals

of Labour, it is natural and right that, both within and without the political field, it should work in close co-operation with the other great Labour and Socialist movements. But these facts should not blind co-operators to the very real dangers of an entry of their Movement into politics. A political party cannot have a limited programme; it cannot isolate industry and co-operation and send representatives to Parliament with a mandate confined to these questions. It must have a general political programme, for the co-operative representative does not actually represent the Movement or even co-operators, but a political constituency. You are a co-operator because you are a consumer, and there is no reason why every consumer should agree upon the disestablishment of the Church or even upon whether Englishmen are making the world safe for democracy by shooting Irishmen and burning their towns. It follows that when a society or the Movement enters politics or affiliates itself to a political party, it may lose its claim to represent the whole community of consumers.

The last question to be dealt with is one which I treated at considerable length in my previous book, the relation of the Movement to its employees. I see no reason to alter or revise the main conclusions arrived at there, namely, that what is wanted in industry to-day is a kind of balance of power between organized consumers and organized producers, and that this could be attained by giving to the organizations of producers a recognized place and sphere within the framework of the Movement. I wish, however, briefly to relate this conclusion to the general argument of this book. I have repeatedly argued in

these pages against the majority of socialist writers, whether orthodox Marxians, Communists, or Guild Socialists, that the ultimate basis of a socialist society should be consumption, and that the control of industry should ultimately be in the hands of the organized consumers. But my arguments applied to a fully developed socialist community in which a socialist psychology of consumption and production had already begun to operate. It does not apply to the transition period, and for this reason. If you oust the capitalist, you leave only two classes in the economic sphere, the consumer and the producer. Both these classes to-day are, as I have frequently repeated, permeated with the irrational and vicious psychology of consumption and production inherent in capitalism. By killing capitalism you would not kill this psychology, just as the guillotine which killed the king and the noble did not kill the psychology of 18th century oligarchy. If you expropriated the capitalist from any particular industry to-morrow, you would still find the producer in that industry and the consumer of its products acting in accordance with the capitalist psychology. If the consumer had the chance he would exploit the producer; if the producer had the chance he would exploit the consumer. The Guild Socialist, the Syndicalist, and the Communist refuse to face this unpleasant truth, that the sins of society are visited upon the third and fourth generation, and that you cannot make men good either by an Act of Parliament or by a revolution. But it is true, and that is the reason why it would be fatal to-day to give the control of industry completely into the hands of either the organized producers or the organized consumers.

I am aware that, by saying this, I shall alienate many socialists, and that my critics and all those who are hostile to socialism will cry in triumph that I have given away my whole position. "You admit," they will say, "that, even if you destroy capitalism, the psychology of capitalism will remain, in other words, that what you object to in the capitalist and his system is human nature." I have, of course, made no such admission. What I say is that a century of industrialized capitalism leaves every individual with deep-seated and often unconscious beliefs and desires implied in capitalism, and that no sudden revolution or change in the framework of social organization will extirpate those beliefs and desires. But they are not inherent in human nature; they are not ineradicable. Given an equitable distribution of wealth and power, and a framework of social organizations and government which encourages co-operation and discourages economic competition, and the "human nature" of capitalism will become as obsolete and atrophied as the "human nature" of cannibalism.

What the socialist should aim at in the immediate future is the abolition of private ownership and capitalist control, and the substitution of a partnership between the organized consumers and producers. The control must be shared between the Co-operative Movement, developed and extended along the lines traced in these pages, as the organ of the consumers, and the trade unions or Guilds, as the organs of the workers. It is, of course, easy to make this general statement of principles; the real difficulty will occur as soon as an attempt is made to apply it in detail, to define the measure and sphere of control to be assigned to each section and organization. I have

already reached the limits of space allowed to me in this book, and I cannot, therefore, enter into details; I can only indicate the more important points which the socialist should consider in seeking a solution.

Hitherto I have been looking at society and industry from the point of view of consumption and the consumer, for the very good reason that the object of industry is consumption and the ultimate basis of its organization and control should be the community of consumers. It is now necessary to look at industry from the point of view of the producer living in a semi-socialized world in which the control of industry is being transferred from the capitalist to the community of consumers. The producer will demand two things : protection against economic exploitation by the consumer and a certain measure of self-government. Both these demands are reasonable in the transition period. They have been most clearly and most forcibly stated by the Guild Socialists, and, while I think there is a certain amount of over-statement on their part, it seems to me that the co-operator can and must go a long way to meet their demand. So long as every consumer is not an industrial producer, there will always be a danger of economic exploitation of sections of the workers by consumers, if the control of industry is completely in the hands of the consumer's organizations. In the Co-operative Movement this exploitation would take the concrete form of low wages and a high dividend. The co-operative organization must make provision within its own framework for a recognition of the workers' organization as one of the parties which, together with itself, must arrive at a settlement of the remuneration of the producer. By

recognizing the trade unions and by accepting the principle of a standard wage the Movement has gone some way towards this end; but much more could and should be done. Joint Boards for the settlement of district and national rates should become part of the recognized machinery of the Movement, with Conciliation Boards, on which consumers' and producers' organizations have equal representation, for final reference of a dispute which negotiation has failed to settle. And if the workers show that they agree with the contentions of the Guild Socialists with regard to the wage system and begin seriously to transform their trade unions into Guilds, the Movement can and ought to accept the change. In that case the Guild will be recognized as the producers' organization, and, if it were fully developed, the consumers organized in their societies or Movement, instead of paying wages to the individual worker, would negotiate directly with the Guild and settle, through the wages board or conciliation board, the total remuneration or, if the term be preferred, the share in the product of industry which is to be taken by the Guild in return for its services to the community of consumers. This total remuneration or share will then be divided by the Guild among its members in such proportion as its members will themselves determine.

It will be seen that in this way, provided that both the Guild and the co-operative systems develop fully, the co-operator can meet and satisfy the demands of the Guild Socialist with regard to the wage system. There remains the much more difficult question of the demand for self-government. It is obvious that, if the worker be given full self-government in the factory and in the general framework of industry, we

shall really have the whole of industry controlled by the producer and his organization. If that is what the Guild Socialist demands, no co-operator can admit it, and his reasons have been given in the preceding pages. But if the demand means that the worker should be given a say in determining the conditions under which he works and shall not be subject to the autocratic control of an individual or class which makes a profit out of his labour, then again the co-operator can agree with the Guild Socialist.

It is easy to exaggerate and misstate this question of self-government. Everyone, even the Guild Socialist, agrees that in modern industry the large majority of persons engaged in production must work "under orders." Highly organized industry, depending upon complicated machinery, would be impossible if every individual did his own work in his own time and his own way. The real question is the origin and object of the orders. What the worker legitimately objects to is a social system under which these orders are autocratically issued and the conditions under which he works determined by a profit-making individual or class, a system under which he can be summarily dismissed, with no right of appeal to an impartial tribunal, by a man who is at once legislator and judge and plaintiff. But none of these objections would hold good if the conditions under which the producer worked and the general regulations for the control of industry were jointly settled by the consumers organized in their societies and Movement and the workers organized in their Guilds. The Movement should, therefore, in my opinion, develop a system of national and regional councils upon which societies and trade unions or Guilds would have representation

and which would determine the general conditions under which production was carried on in the various trades and in industry as a whole.

The extreme Guild Socialist and anyone who accepts undiluted the producer's idea of socialism will dismiss me and my suggestions to that most terrible place of torment reserved for the renegade and bourgeois reformist. I am sorry, because I would much rather agree with a socialist than disagree with him. But it is only possible to go as far in social speculation as one's own brain is capable of carrying one. As against the capitalist and capitalism, I would go as far, probably, as the most extreme Guild Socialist or Red Communist in the demand for the emancipation of the worker. But socialism itself implies that what is true against capitalism and the capitalist is untrue against the community of consumers. My suggestions in the last few paragraphs will be seen to be all directed to establishing joint control and a balance of power within the framework of industry between the organized consumers and the organized producers. I believe that joint control and balance of power to be essential in the transition stage to pure socialism, for without it there will be exploitation of one class by the other and the growth of a rational psychology of consumption and production will be impossible. And, as a matter of fact, if the capitalist were eliminated, there would obviously be a far greater danger of the community of consumers being exploited by strong organizations of producers than of the consumers exploiting the organized producer. It will be a very long time before the Co-operative Movement has even a fraction of the power of exploitation which already resides in the Miners' Federation. So long as the

psychology of capitalism remains, all power of exploitation is dangerous to the community, and in the transition period I wish to see it neither in the hands of the consumers nor co-operators, nor in the hands of the workers and producers. That is why I believe that the immediate object of the socialist should be to eliminate the capitalist and establish a balance of power between producer and consumer.



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